REFERENCE TITLE: school finance; ELL; choice grants

State of Arizona Senate Forty-seventh Legislature Second Regular Session 2006

SB 1345

Introduced by Senator Huppenthal

AN ACT

AMENDING SECTIONS 15-185, 15-241 AND 15-393, ARIZONA REVISED STATUTES; REPEALING SECTION 15-756, ARIZONA REVISED STATUTES; RENUMBERING SECTION 15-756.01, ARIZONA REVISED STATUTES, AS SECTION 15-756.03; AMENDING TITLE 15, CHAPTER 7, ARTICLE 3.1, ARIZONA REVISED STATUTES, BY ADDING NEW SECTIONS 15-756, 15-756.01 AND 15-756.02; AMENDING TITLE 15, CHAPTER 8, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 1.2; AMENDING SECTIONS 15-902, 15-903, 15-904, 15-905, 15-906, 15-943 AND 15-962.01, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-966; AMENDING SECTIONS 15-971, 15-974, 15-996 AND 41-1279.03, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1032; MAKING APPROPRIATIONS; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 15-185, Arizona Revised Statutes, is amended to read:

15-185. Charter schools: financing: definitions

- A. Financial provisions for a charter school that is sponsored by a school district governing board are as follows:
- 1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title. The charter of the charter school shall include a description of the methods of funding the charter school by the school district. The school district shall send a copy of the charter and application, including a description of how the school district plans to fund the school, to the state board of education before the start of the first fiscal year of operation of the charter school. The charter or application shall include an estimate of the student count for the charter school for its first fiscal year of operation. This estimate shall be computed pursuant to the requirements of paragraph 3 of this subsection.
- 2. A school district is not financially responsible for any charter school that is sponsored by the state board of education or the state board for charter schools.
 - 3. A school district that sponsors a charter school may:
- (a) Increase its student count as provided in subsection B, paragraph 2 of this section during the first year of the charter school's operation to include those charter school pupils who were not previously enrolled in the school district. A charter school sponsored by a school district governing board is eligible for the assistance prescribed in subsection B, paragraph 4 of this section. The soft capital allocation as provided in section 15-962 AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS PROVIDED IN SECTION 15-966 for the school district sponsoring the charter school shall be increased by the amount of the additional assistance. The school district shall include the full amount of the additional assistance in the funding provided to the charter school.
- (b) Compute separate weighted student counts pursuant to section 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter school pupils in order to maintain eligibility for small school district support level weights authorized in section 15-943, paragraph 1 for its noncharter school pupils only. The portion of a district's student count that is attributable to charter school pupils is not eligible for small school district support level weights.
- 4. If a school district uses the provisions of paragraph 3 of this subsection, the school district is not eligible to include those pupils in its student count for the purposes of computing an increase in its revenue control limit and district support level as provided in section 15-948.

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- 5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its capital outlay revenue limit as provided in section 15-961, subsection C, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.
- 6. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing the revenue control limit which is used to determine the maximum budget increase as provided in chapter 4, article 4 of this title unless the charter school is located within the boundaries of the school district.
- 7. A SCHOOL DISTRICT THAT SPONSORS A CHARTER SCHOOL IS ELIGIBLE TO INCLUDE THE CHARTER SCHOOL PUPILS IN ITS STUDENT COUNT FOR THE PURPOSE OF COMPUTING THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966.
- 7. 8. If a school district converts one or more of its district public schools to a charter school and receives assistance as prescribed in subsection B, paragraph 4 of this section, and subsequently converts the charter school back to a district public school, the school district shall repay the state the total additional assistance received for the charter school for all years that the charter school was in operation. The repayment shall be in one lump sum and shall be reduced from the school district's current year equalization assistance. The school district's general budget limit shall be reduced by the same lump sum amount in the current year.
- B. Financial provisions for a charter school that is sponsored by the state board of education or the state board for charter schools are as follows:
- 1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.
- 2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall

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revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

- 3. A charter school may utilize section 15-855 for the purposes of this section. The charter school and the department of education shall prescribe procedures for determining average daily attendance and average daily membership.
- 4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level, and additional assistance AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966. The amount of the additional assistance is one thousand three hundred thirty dollars five cents per student count in kindergarten programs and grades one through eight and one thousand five hundred fifty dollars fourteen cents per student count in grades nine through twelve.
- 5. The state board of education shall apportion state aid from the appropriations made for such purposes to the state treasurer for disbursement to the charter schools in each county in an amount as determined by this paragraph. The apportionments shall be made in twelve equal installments of the total amount to be apportioned during the fiscal year on the fifteenth day of each month of the fiscal year.
- 6. Notwithstanding paragraph 5 of this subsection, if sufficient appropriated monies are available after the first forty days in session of the current year, a charter school may request additional state monies to fund the increased state aid due to anticipated student growth through the first one hundred days or two hundred days in session, as applicable, of the current year as provided in section 15-948. In no event shall a charter school have received more than three-fourths of its total apportionment before April 15 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.
- 7. The charter school shall not charge tuition, levy taxes or issue bonds.
- 8. Not later than noon on the day preceding each apportionment date established by paragraph 5 of this subsection, the superintendent of public instruction shall furnish to the state treasurer an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the charter schools for the amount apportioned.
- C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the

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school with the most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

- D. Charter schools are allowed to accept grants and gifts to supplement their state funding, but it is not the intent of the charter school law to require taxpayers to pay twice to educate the same pupils. The base support level for a charter school or for a school district sponsoring a charter school shall be reduced by an amount equal to the total amount of monies received by a charter school from a federal or state agency if the federal or state monies are intended for the basic maintenance and operations of the school. The superintendent of public instruction shall estimate the amount of the reduction for the budget year and shall revise the reduction to reflect the actual amount before May 15 of the current year. If the reduction results in a negative amount, the negative amount shall be used in computing all budget limits and equalization assistance, except that:
 - 1. Equalization assistance shall not be less than zero.
- 2. For a charter school sponsored by the state board of education or the state board for charter schools, the total of the base support level, the capital outlay revenue limit, the soft capital allocation, and the additional assistance AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966 shall not be less than zero.
- 3. For a charter school sponsored by a school district, the base support level for the school district shall not be reduced by more than the amount that the charter school increased the district's base support level, capital outlay revenue limit, and soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION.
- E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school or the sponsoring district of the charter school shall equal the sum of the base support level and the additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.
- F. Equalization assistance for charter schools shall be provided as a single amount based on average daily membership without categorical distinctions between maintenance and operations or capital.

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- G. At the request of a charter school, the county school superintendent of the county where the charter school is located may provide the same educational services to the charter school as prescribed in section 15-308, subsection A. The county school superintendent may charge a fee to recover costs for providing educational services to charter schools.
- H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.
- I. A charter school may receive and spend monies distributed by the department of education pursuant to section 42-5029, subsection E and section 37-521, subsection B.
 - J. For the purposes of this section:
- 1. "Monies intended for the basic maintenance and operations of the school" means monies intended to provide support for the educational program of the school, except that it does not include supplemental assistance for a specific purpose or P.L. 81-874 monies. The auditor general shall determine which federal or state monies meet the definition in this paragraph.
- 2. "Operated for or by the same school district" means the charter school is either governed by the same district governing board or operated by the district in the same manner as other traditional schools in the district or is operated by an independent party that has a contract with the school district. The auditor general and the department of education shall determine which charter schools meet the definition in this subsection.
 - Sec. 2. Section 15-241, Arizona Revised Statutes, is amended to read: 15-241. School accountability; schools failing to meet academic standards; failing schools tutoring fund
- A. The department of education shall compile an annual achievement profile for each public school.
- B. Each school shall submit to the department any data that is required and requested and that is necessary to compile the achievement profile. A school that fails to submit the information that is necessary is

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not eligible to receive monies from the classroom site fund established by section 15-977.

- C. The department shall establish a baseline achievement profile for each school by October 15, 2001. The baseline achievement profile shall be used to determine a standard measurement of acceptable academic progress for each school and a school classification pursuant to subsection G of this section. Any disclosure of educational records compiled by the department of education pursuant to this section shall comply with the family educational and privacy rights act of 1974 (20 United States Code section 1232g).
- D. The achievement profile for schools that offer instruction in kindergarten programs and grades one through eight, or any combination of those programs or grades, shall include the following school academic performance indicators:
- 1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils in each school during the course of each year.
- 2. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education.
- E. The achievement profile for schools that offer instruction in grades nine through twelve, or any combination of those grades, shall include the following school academic performance indicators:
- 1. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils pursuant to subsection F of this section who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education.
 - 2. The annual dropout rate.
 - 3. The annual graduation rate.
- F. Subject to final adoption by the state board of education, the department shall determine the criteria for each school classification using a research based methodology. The methodology shall include the performance of pupils at all achievement levels, account for pupil mobility, account for the distribution of pupil achievement at each school and include longitudinal indicators of academic performance. For the purposes of this subsection, "research based methodology" means the systematic and objective application of statistical and quantitative research principles to determine a standard measurement of acceptable academic progress for each school.
- G. The achievement profile shall be used to determine a school classification that designates each school as one of the following:
 - 1. An excelling school.
 - 2. A highly performing school.
 - 3. A performing school.
 - 4. An underperforming school.
 - 5. A school failing to meet academic standards.

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- H. The classification for each school and the criteria used to determine classification pursuant to subsection F of this section shall be included on the school report card prescribed in section 15-746.
- I. Subject to final adoption by the state board of education, the department of education shall develop a parallel achievement profile for accommodation schools, alternative schools as defined by the state board of education and schools with a student count of fewer than one hundred pupils.
- If a school is designated as an underperforming school, within ninety days after receiving notice of the designation, the governing board shall develop an improvement plan for the school, submit a copy of the plan to the superintendent of public instruction and supervise the implementation of the plan. The plan shall include necessary components as identified by the state board of education. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a special public meeting in each school that has been designated as an underperforming school and shall present the respective improvement plans that have been developed for each school. district governing board, within thirty days of receiving notice of the designation, shall provide written notification of the classification to each residence within the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection.
- K. A school that has not submitted an improvement plan pursuant to subsection J of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection J of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.
- L. If a charter school is designated as an underperforming school, within thirty days the school shall notify the parents of the students attending the school of the classification. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection. Within ninety days of receiving the classification, the charter holder shall present an improvement plan to the charter sponsor at a public meeting and submit a copy of the plan to the superintendent of public instruction. The improvement plan shall include necessary components as identified by the state board of education. For every day that an improvement plan is not received by the superintendent of public instruction, the school is not eligible to receive monies from the classroom site fund established by section 15-977 for ninety days plus every day that a plan is not received. The charter holder shall appear before the sponsoring board and explain why the improvement plan has not been submitted.

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- M. The department of education shall establish an appeals process, to be approved by the state board of education, for a school to appeal data used to determine the achievement profile of the school. The criteria established shall be based on mitigating factors and may include a visit to the school site by the department of education.
- N. If a school remains classified as an underperforming school for a third consecutive year, the department of education shall visit the school site to confirm the classification data and to review the implementation of the school's improvement plan. The school shall be classified as failing to meet academic standards unless an alternate classification is made after an appeal pursuant to subsection M of this section.
- O. The school district governing board, within thirty days of receiving notice of the school failing to meet academic standards classification, shall provide written notification of the classification to each residence in the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by subsection R of this section.
- P. The superintendent of public instruction, based on need, shall assign a solutions team to an underperforming school or a school failing to meet academic standards comprised of master teachers, fiscal analysts and curriculum assessment experts who are certified by the state board of education as Arizona academic standards technicians. The department of education may hire or contract with administrators, principals and teachers who have demonstrated experience with the characteristics and situations in an underperforming school or a school failing to meet academic standards and may use these personnel as part of the solutions team. The team shall work with staff at the school to assist in curricula alignment and shall instruct teachers on how to increase pupil academic progress, considering the school's The team shall select two master teachers to be achievement profile. employed by the school. The solutions team shall consider the existing improvement plan to assess the need for changes to curriculum, professional development and resource allocation.
- Q. The parent or the guardian of the pupil may apply to the department of education, in a manner determined by the department of education, for a certificate of supplemental instruction from the failing schools tutoring fund established by this section. Pupils attending a school designated as an underperforming school or a school failing to meet academic standards or a pupil who has failed to pass one or more portions of the Arizona instrument to measure standards test in order to graduate from high school may select an alternative tutoring program in academic standards from a provider that is certified by the state board of education. To qualify, the provider must guarantee in writing a stated level of academic improvement for the pupil that includes a timeline for improvement that is agreed to by the parent or guardian of the pupil and the provider shall agree to refund to the state the standards assistance grant monies if the guaranteed level of academic

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improvement is not met. The state board of education shall determine the application guidelines and the maximum value for each certificate of supplemental instruction. The state board of education shall annually complete a market survey in order to determine the maximum value for each certificate of supplemental instruction. Nothing in this subsection shall be construed to require the state to provide additional monies beyond the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

- R. Within sixty days of receiving notification of designation as a school failing to meet academic standards, the school district governing board shall evaluate needed changes to the existing improvement plan for the school, consider recommendations from the solutions team, submit a copy of the plan to the superintendent of public instruction and supervise the implementation of the plan. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a public meeting in each school that has been designated as a school failing to meet academic standards and shall present the respective improvement plans that have been developed for each school.
- S. A school that has not submitted an improvement plan pursuant to subsection R of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection R of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.
- T. If a charter school is designated as a school failing to meet academic standards, the department of education shall immediately notify the charter school's sponsor. The charter school's sponsor shall either take action to restore the charter school to acceptable performance or revoke the charter school's charter. Within thirty days the school shall notify the parents of the students attending the school of the classification and of any pending public meetings to review the issue.
- U. A school that has been designated as a school failing to meet academic standards shall be evaluated by the department of education to determine if the school failed to properly implement its school improvement plan, the alignment of the curriculum with academic standards, teacher training, budget prioritization or other proven strategies to improve academic performance. After visiting the school site pursuant to subsection N of this section, the department of education shall submit to the state board of education a recommendation to proceed pursuant to subsections P, Q and R of this section or that the school be subject to a public hearing to determine if the school failed to properly implement its improvement plan and the reasons for the department's recommendation.
- V. If the department does recommend a public hearing, the state board of education shall meet and may provide by a majority vote at the public

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hearing for the continued operation of the school as allowed by this subsection. The state board of education shall determine whether governmental, nonprofit and private organizations may submit applications to the state board to fully or partially manage the school. The state board's determination shall include:

- 1. If and to what extent the local governing board may participate in the operation of the school including personnel matters.
- 2. If and to what extent the state board of education shall participate in the operation of the school.
 - 3. Resource allocation pursuant to subsection X of this section.
- 4. Provisions for the development and submittal of a school improvement plan to be presented in a public meeting at the school.
 - 5. A suggested time frame for the alternative operation of the school.
- W. The state board shall periodically review the status of a school that is operated by an organization other than the school district governing board to determine whether the operation of the school should be returned to the school district governing board. Before the state board makes a determination, the state board or its designee shall meet with the school district governing board or its designee to determine the time frame, operational considerations and the appropriate continuation of existing improvements that are necessary to assure a smooth transition of authority from the other organization back to the school district governing board.
- X. If an alternative operation plan is provided pursuant to subsection V of this section, the state board of education shall pay for the operation of the school and shall adjust the school district's student count pursuant to section 15-902, soft capital allocation pursuant to section 15-962, capital outlay revenue limit pursuant to section 15-961, base support level pursuant to section 15-943, ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966, monies distributed from the classroom site fund established in BY section 15–977 and transportation support level pursuant to section 15-945 to accurately reflect any reduction in district services that are no longer provided to that school by the district. The state board of education may modify the school district's revenue control limit, the district support level and the general budget limit calculated pursuant to section 15-947 by an amount that corresponds to this reduction in services. The state board of education shall retain the portion of state aid that would otherwise be due the school district for the school and shall distribute that portion of state aid directly to the organization that contracts with the state board of education to operate the school.
- Y. If the state board of education determines that a charter school failed to properly implement its improvement plan, the sponsor of the charter school shall revoke the charter school's charter.
- Z. If there are more than two schools in a district and more than one-half, or in any case more than five, of the schools in the district are designated as schools failing to meet academic standards for more than two

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consecutive years, in the next election of members of the governing board the election ballot shall contain the following statement immediately above the listing of governing board candidates:

Within the last five years, <u>(number of schools)</u> schools in the _____ school district have been designated as "schools failing to meet academic standards" by the superintendent of public instruction.

- AA. At least twice each year the department of education shall publish in a newspaper of general circulation in each county of this state a list of schools that are designated as schools failing to meet academic standards.
- BB. The failing schools tutoring fund is established consisting of monies collected pursuant to section 42-5029, subsection E as designated for this purpose. The department of education shall administer the fund.
 - Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read: 15-393. <u>Joint technological education district governing board:</u> definition
- A. The management and control of the joint district are vested in the joint technological education district governing board. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for the joint district pursuant to section 15-392 and shall be established in the plan as follows:
- 1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single member districts so that the single member districts are as nearly equal in population as is practicable, except that if the joint district lies in part in each of two or more counties, at least one single member district may be entirely within each of the counties comprising the joint district if this district design is consistent with the obligation to equalize the population among single member districts.
- 2. The boundaries of each single member district shall follow election precinct boundary lines, as far as practicable, in order to avoid further segmentation of the precincts.
- 3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B.
- 4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.
- B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative

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election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

- C. The joint technological education district shall be subject to the following provisions of this title:
 - 1. Chapter 1, articles 1 through 6.
 - 2. Sections 15-208, 15-210, 15-213 and 15-234.
 - 3. Articles 2, 3 and 5 of this chapter.
- 4. Section 15-361.
 - 5. Chapter 4, articles 1, 2 and 5.
 - 6. Chapter 5, articles 1, 2 and 3.
 - 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
 - 8. Chapter 7, article 5.
 - 9. Chapter 8, articles 1, 3 and 4.
 - 10. Sections 15-828 and 15-829.
 - 11. Chapter 9, articles 1, 6 and 7.
 - 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
 - 13. Sections 15-1101 and 15-1104.
 - 14. Chapter 10, articles 2, 3, 4 and 8.
 - D. Notwithstanding subsection C of this section, the following apply to a joint technological education district:
 - 1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint technological education district as ascertained by the last property tax assessment previous to issuing the bonds.
 - 2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.
 - 3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned or operated by a school district in which a pupil is enrolled, including satellite courses, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph 6, for that pupil in both the school district and joint technological education district shall not exceed 1.250 and the sum of the fractional student enrollment, as provided in section 15-901, subsection A, paragraph 2, subdivision (a), shall not exceed 1.250 for the courses taken in the school district and the facility, including satellite courses. The school district and the joint district shall determine the apportionment of the daily attendance and fractional student enrollment for that pupil between the school district and the joint district.

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- 4. The student count for the first year of operation of a joint technological education district as provided in this article shall be determined as follows:
- (a) Determine the estimated student count for joint district classes that will operate in the first year of operation. This estimate shall be based on actual registration of pupils as of March 30 scheduled to attend classes that will be operated by the joint district. The student count for the district of residence of the pupils registered at the joint district shall be adjusted. The adjustment shall cause the district of residence to reduce the student count for the pupil to reflect the courses to be taken at the joint district. The district of residence shall review and approve the adjustment of its own student count as provided in this subdivision before the pupils from the school district can be added to the student count of the joint district.
- (b) The student count for the new joint district shall be the student count as determined in subdivision (a) OF THIS PARAGRAPH.
- (c) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the joint district shall revise the student count to the actual student count for students attending classes in the joint district. A joint district shall revise its student count, the base support level as provided in section 15-943.02, the revenue control limit as provided in section 15-944.01, the capital outlay revenue limit, and the soft capital allocation as provided in section 15-962.01 AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS PROVIDED IN SECTION 15-966 prior to May 15. A joint district that overestimated its student count shall revise its budget prior to May 15. A joint district that underestimated its student count may revise its budget prior to May 15.
- (d) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the district of residence shall adjust its student count by reducing it to reflect the courses actually taken at the joint district. The district of residence shall revise its student count, the base support level as provided in section 15-943, the revenue control limit as provided in section 15-944, the capital outlay revenue limit as provided in section 15-961, and the soft capital allocation as provided in section 15-962 AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS PROVIDED IN SECTION 15-966 prior to May 15. A district that underestimated the student count for students attending the joint district shall revise its budget prior to May 15. A district that overestimated the student count for students attending the joint district may revise its budget prior to May 15.
- (e) A joint district for the first year of operation shall not be eligible for adjustment pursuant to section 15-948.
- (f) The procedures for implementing this paragraph shall be as prescribed in the uniform system of financial records.

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- (g) If the district of residence utilizes section 15-942 to determine its student count, the district shall reduce its student count as provided in this paragraph by subtracting the appropriate count from the student count determined as provided in section 15-942.
- For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.
- 5. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that:
- (a) A student in a kindergarten program or in grades one through eight who enrolls in courses offered by the joint technological education district shall not be included in the joint district's average daily attendance or average daily membership.
- (b) A student in a kindergarten program or in grades one through six who is enrolled in vocational education courses shall not be funded in whole or in part with monies provided by a joint technological education district.
- (c) A student who is over twenty-two years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.
- 6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.
- 7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.
- 8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.
- 9. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education and vocational education courses, and directly related equipment and facilities, except that a school district that is part of a joint technological education district and that has used monies received pursuant to this article to supplant career and technological education and vocational education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technological education and vocational education courses shall:
- (a) Use at least thirty-three per cent of the monies received pursuant to this article in fiscal year 2005-2006 to supplement and not supplant base year career and technical education and vocational education courses.

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- (b) Use at least sixty-six per cent of the monies received pursuant to this article in fiscal year 2006-2007 to supplement and not supplant base year career and technical education and vocational education courses.
- (c) Use one hundred per cent of the monies received pursuant to this article in fiscal year 2007-2008 and each fiscal year thereafter to supplement and not supplant base year career and technical education and vocational education courses.
- 10. A joint technological education district shall use any monies received pursuant to this article to enhance career and technical education and vocational education courses, and directly related equipment and facilities.
- 11. A joint technological education district or a school district that is part of a joint district shall only include pupils in grades nine through twelve in the calculation of average daily membership or average daily attendance if the pupils are enrolled in courses that are approved jointly by the governing board of the joint technological education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint technological education district for centrally located courses. Average daily membership and average daily attendance from courses that are not part of an approved program for career and technical education shall not be included in average daily membership and average daily attendance of a joint technological education district.
- E. The joint board shall appoint a superintendent as the executive officer of the joint district.
- F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.
- G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.
- H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.
- I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.
- J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the participating school districts. The chairman of the joint board shall be a voting member.

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- K. A joint board and a community college district may enter into agreements for the provision of administrative, operational and educational services and facilities.
- L. For the purposes of this section, "base year" means the complete school year in which voters of a school district elected to join a joint technological education district.

Sec. 4. Repeal

Section 15-756, Arizona Revised Statutes, is repealed.

Sec. 5. Renumber

Section 15-756.01, Arizona Revised Statutes, is renumbered as section 15-756.03.

Sec. 6. Title 15, chapter 7, article 3.1, Arizona Revised Statutes, is amended by adding new sections 15-756, 15-756.01 and 15-756.02, to read:

15-756. Programs for English language learners; state board of

education; duties; definition

- A. THE STATE BOARD OF EDUCATION SHALL:
- 1. PRESCRIBE THE MANNER IN WHICH THE PRIMARY OR HOME LANGUAGE FOR ALL NEW PUPILS WHO ENROLL IN A SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BE IDENTIFIED.
- 2. PRESCRIBE THE MANNER IN WHICH THE ENGLISH LANGUAGE PROFICIENCY OF ALL PUPILS WITH A PRIMARY OR HOME LANGUAGE OTHER THAN ENGLISH SHALL BE ASSESSED AND REASSESSED THROUGH THE ADMINISTRATION OF ENGLISH LANGUAGE PROFICIENCY EXAMS.
- 3. PRESCRIBE THE MANNER IN WHICH THE PROCESS OF REASSESSMENT OF ENGLISH LANGUAGE LEARNERS FOR THE PURPOSE OF DETERMINING ENGLISH LANGUAGE PROFICIENCY SHALL BE CONDUCTED. IF THE TEST USED IN PARAGRAPH 2 IS USED TO REASSESS ENGLISH LANGUAGE PROFICIENCY, THE PUPIL MUST SCORE AT OR ABOVE THE PROFICIENCY SCORE ESTABLISHED FOR THAT TEST. THE PASSING SCORE CANNOT BE LOWER THAN THE PASSING SCORE ESTABLISHED FOR THE PURPOSES OF PARAGRAPH 2.
- 4. PRESCRIBE THE MANNER IN WHICH THE EVALUATION OF FORMER ENGLISH LANGUAGE LEARNERS SHALL BE CONDUCTED FOR THE TWO YEARS FOLLOWING THE PUPIL'S DESIGNATION AS ENGLISH LANGUAGE PROFICIENT FOR THE PURPOSE OF IDENTIFYING PUPILS WHO ARE ELIGIBLE FOR COMPENSATORY INSTRUCTION. THE EVALUATION SHALL RESULT IN COMPENSATORY INSTRUCTION IF THE STUDENT IS NOT DETERMINED TO BE PROFICIENT IN THE ENGLISH LANGUAGE PURSUANT TO THE TESTS MANDATED IN PARAGRAPH 2 OR ACHIEVE A PASSING SCORE ON THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-741. THE STATE BOARD SHALL IDENTIFY AND ADOPT A MANNER OF EVALUATION FOR THOSE PUPILS WHO DO NOT TAKE THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST BECAUSE THE TEST IS NOT ADMINISTERED IN THE PUPIL'S GRADE AND TO ASSESS PROGRESS IN ACADEMIC SUBJECTS THAT ARE NOT ASSESSED BY THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST.
- 5. ADOPT GUIDELINES FOR PARENTAL NOTIFICATION OF THE NEED FOR COMPENSATORY INSTRUCTION AND FOR REQUESTING PARENTAL CONSENT FOR COMPENSATORY INSTRUCTION.

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- 6. ADOPT GUIDELINES FOR USE BY SCHOOL DISTRICTS AND CHARTER SCHOOLS TO DEVELOP WRITTEN INDIVIDUAL COMPENSATORY PLANS FOR PUPILS FOR THE PURPOSES OF DELIVERING THE COMPENSATORY INSTRUCTION REQUIRED IN PARAGRAPH 4.
- 7. PRESCRIBE THE MANNER IN WHICH TRAINING THAT IS NOT PROVIDED BY A COLLEGE OR UNIVERSITY MAY BE ALLOWED TO SUBSTITUTE FOR ANY OF THE COURSES REQUIRED FOR A STRUCTURED ENGLISH IMMERSION ENDORSEMENT OR A BILINGUAL EDUCATION ENDORSEMENT IF ALL OF THE FOLLOWING CONDITIONS APPLY:
- (a) THE STATE BOARD OF EDUCATION HAS REVIEWED THE CURRICULA, TEXTBOOKS, GRADING PROCEDURES AND ATTENDANCE POLICIES AND DETERMINED THAT THE TRAINING IS COMPARABLE IN AMOUNT, SCOPE AND QUALITY TO A COURSE OFFERED BY A COLLEGE OR UNIVERSITY FOR A STRUCTURED ENGLISH IMMERSION OR BILINGUAL EDUCATION ENDORSEMENT.
- (b) THE TRAINING MEETS THE PROFESSIONAL TEACHING STANDARDS ADOPTED BY THE STATE BOARD OF EDUCATION.
- (c) THE STATE BOARD OF EDUCATION HAS REVIEWED THE QUALIFICATIONS OF THE INSTRUCTOR AND DETERMINED THAT THE INSTRUCTOR HAS SUFFICIENT EXPERIENCE TO EFFECTIVELY CONDUCT THE TRAINING.
- 8. DEVELOP AND IDENTIFY BEST PRACTICES MODELS AND STRATEGIES FOR EFFECTIVE COMPLIANCE WITH STRUCTURED ENGLISH IMMERSION PROGRAMS AND OTHER LANGUAGE ACQUISITION STRATEGIES PURSUANT TO THIS ARTICLE. THE BEST PRACTICES MODELS AND STRATEGIES SHALL BE BASED ON PROFICIENCY IN BOTH THE ENGLISH LANGUAGE AND THE ARIZONA ACADEMIC STANDARDS. THE STATE BOARD OF EDUCATION IS EXEMPT FROM THE RULE MAKING REQUIREMENTS OF TITLE 41, CHAPTER 6 FOR THE PURPOSES OF THIS PARAGRAPH. THE STATE BOARD SHALL CONDUCT AT LEAST TWO PUBLIC HEARINGS WHERE PUBLIC TESTIMONY IS ALLOWED BEFORE THE STATE BOARD ADOPTS OR AMENDS THE BEST PRACTICES MODELS AND STRATEGIES REQUIRED BY THIS PARAGRAPH.
- 9. IDENTIFY AND APPROVE BEST PRACTICES, RESEARCH BASED STRATEGIES AND HIGHLY EFFECTIVE PROGRAMS FOR CONTINUING PROFESSIONAL DEVELOPMENT FOR TEACHERS WHO ARE DESIGNATED TO DELIVER ENGLISH ACQUISITION CURRICULA AND TO ASSIST ENGLISH LANGUAGE LEARNERS IN ACHIEVING ACADEMIC PROFICIENCY.
- 10. IDENTIFY BEST PRACTICES AND HIGHLY EFFECTIVE RESEARCH BASED PROGRAMS TO GUIDE SCHOOLS IN DELIVERING ENGLISH ACQUISITION PROGRAMS, INCLUDING PROGRAMS THAT ASSIST ENGLISH LANGUAGE LEARNERS IN ACHIEVING ACADEMIC PROFICIENCY.
- 11. IDENTIFY SCHOOL DISTRICTS AND SCHOOLS THAT ARE IN COMPLIANCE WITH STATE LAW CONCERNING ENGLISH LANGUAGE LEARNERS AND THAT ARE HIGHLY SUCCESSFUL IN MEETING THE REQUIREMENTS OF STATE LAW.
- 12. IN COOPERATION WITH PUBLIC AND PRIVATE HIGHER EDUCATION INSTITUTIONS IN THIS STATE, IDENTIFY THE TRAINING NEEDS OF STUDENTS IN TEACHER PREPARATION PROGRAMS AND DEVELOP ONGOING PROFESSIONAL DEVELOPMENT PROGRAMS.
- B. THE STATE BOARD OF EDUCATION SHALL REVIEW ANNUALLY THE ADOPTED MODELS AND STRATEGIES AND DELETE, ADD OR MODIFY THE EXISTING MODELS AND STRATEGIES BASED ON DATA SUBMITTED BY THE SCHOOL DISTRICTS AND CHARTER

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SCHOOLS REGARDING SUCCESS IN MEETING BOTH PROFICIENCY IN ENGLISH AND THE ADOPTED ACADEMIC STANDARDS.

C. FOR THE PURPOSES OF THIS SECTION, "COMPENSATORY INSTRUCTION" HAS THE SAME MEANING PRESCRIBED IN SECTION 15-966.

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15-756.01. School districts and charter schools: English language learner programs: adoption and implementation
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- A. BY THE BEGINNING OF THE 2006-2007 SCHOOL YEAR, EVERY SCHOOL DISTRICT AND CHARTER SCHOOL SHALL ADOPT AND IMPLEMENT AN ENGLISH LANGUAGE LEARNER PROGRAM THAT IS BASED ON THE MODELS AND STRATEGIES ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-756.
- B. IF A SCHOOL DISTRICT OR CHARTER SCHOOL WANTS TO ADOPT A ENGLISH LANGUAGE LEARNER PROGRAM THAT IS NOT BASED ON A MODEL OR STRATEGY ADOPTED BY THE STATE BOARD OF EDUCATION, THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL FIRST SUBMIT THE PROPOSED PROGRAM ALONG WITH SUPPORTING DOCUMENTATION REGARDING THE EXPECTED OUTCOMES OF THE PROGRAM ON THE DISTRICT'S OR CHARTER SCHOOL'S ENGLISH LANGUAGE LEARNER STUDENTS TO THE STATE BOARD OF EDUCATION FOR APPROVAL.
- C. ON RECEIPT OF A PROPOSED PROGRAM FROM A SCHOOL DISTRICT OR CHARTER SCHOOL, THE STATE BOARD OF EDUCATION MAY DO ONE OF THE FOLLOWING:
 - 1. APPROVE THE PROPOSED PROGRAM.
- 2. PROVIDE LIMITED APPROVAL SUBJECT TO SPECIFIC STIPULATIONS PRESCRIBED BY THE BOARD.
- 3. REJECT THE PROPOSED PROGRAM AND IDENTIFY A MODEL OR STRATEGY APPROVED BY THE BOARD FOR THE DISTRICT OR CHARTER SCHOOL TO ADOPT.
- D. SCHOOL DISTRICTS AND CHARTER SCHOOLS SHALL INCLUDE A COPY OF THE ADOPTED ENGLISH LANGUAGE LEARNER PROGRAM IN THE ANNUAL REPORT REQUIRED IN SECTION 15-756.02. SUBSECTION B.

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15-756.02. Programs for English language learners: department of education: monitoring: reporting: superintendent of public instruction: federal funding
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- A. THE DEPARTMENT OF EDUCATION SHALL DEVELOP GUIDELINES FOR THE MONITORING OF SCHOOL DISTRICTS AND CHARTER SCHOOLS BEGINNING IN THE 2006-2007 SCHOOL YEAR FOR THE PURPOSES OF ENSURING COMPLIANCE WITH ALL FEDERAL AND STATE LAWS REGARDING ENGLISH LANGUAGE LEARNERS PURSUANT TO THE FOLLOWING CRITERIA:
- 1. EACH YEAR AT LEAST TWELVE SCHOOL DISTRICTS OR CHARTER SCHOOLS FROM THE FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS IN THIS STATE WITH THE HIGHEST NUMBER OF ENGLISH LANGUAGE LEARNERS SHALL BE MONITORED. THE DEPARTMENT OF EDUCATION SHALL MONITOR ALL FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS WITH THE HIGHEST NUMBER OF ENGLISH LANGUAGE LEARNERS IN THIS STATE AT LEAST ONCE EVERY FOUR YEARS.

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- 2. EACH YEAR AT LEAST TEN SCHOOL DISTRICTS OR CHARTER SCHOOLS THAT ARE NOT INCLUDED IN THE FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS DESCRIBED IN PARAGRAPH 1 OF THIS SUBSECTION SHALL BE MONITORED.
- 3. EACH YEAR AT LEAST TEN SCHOOL DISTRICTS OR CHARTER SCHOOLS THAT ARE NOT REQUIRED TO PROVIDE INSTRUCTION FOR ENGLISH LANGUAGE LEARNERS FOR A MAJORITY OF THEIR GRADE LEVELS SHALL BE MONITORED.
- 4. THE SCHOOL DISTRICTS AND CHARTER SCHOOLS DESCRIBED IN PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION SHALL BE CHOSEN IN THE DEPARTMENT OF EDUCATION'S SOLE DISCRETION BASED ON THE DEPARTMENT'S REVIEW OF THE REPORTS SUBMITTED BY SCHOOL DISTRICTS AND CHARTER SCHOOLS PURSUANT TO SUBSECTION B OF THIS SECTION.
- 5. THE DEPARTMENT OF EDUCATION SHALL MONITOR A SCHOOL DISTRICT OR CHARTER SCHOOL IF THE DEPARTMENT RECEIVES A DOCUMENTED, WRITTEN COMPLAINT FROM ANY CITIZEN OR A COMPLAINT FROM THE UNITED STATES DEPARTMENT OF EDUCATION OR FROM THE UNITED STATES OFFICE OF CIVIL RIGHTS REGARDING THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S COMPLIANCE WITH STATE OR FEDERAL LAW REGARDING ENGLISH LANGUAGE LEARNERS.
- 6. THE MONITORING REQUIRED BY THIS SUBSECTION SHALL BE ON-SITE MONITORING AND SHALL INCLUDE CLASSROOM OBSERVATIONS, CURRICULUM REVIEWS FOR ALIGNMENT WITH BEST PRACTICES AND MODELS AND STRATEGIES ADOPTED BY THE STATE BOARD PURSUANT TO SECTION 15-756, FACULTY INTERVIEWS, STUDENT RECORDS AND A REVIEW OF ENGLISH LANGUAGE LEARNER PROGRAMS.
- 7. BASED ON THE RESULTS OF THE MONITORING, THE DEPARTMENT SHALL DETERMINE WHETHER OR NOT THE SCHOOL DISTRICT OR CHARTER SCHOOL IS COMPLYING WITH STATE AND FEDERAL LAW APPLICABLE TO ENGLISH LANGUAGE LEARNERS.
- 8. THE DEPARTMENT SHALL ISSUE A REPORT OF THE RESULTS OF THE MONITORING WITHIN FORTY-FIVE DAYS AFTER COMPLETING THE MONITORING.
- 9. WITHIN SIXTY DAYS AFTER ISSUING THE REPORT, THE SCHOOL DISTRICT OR CHARTER SCHOOL RECEIVING THE REPORT SHALL PREPARE AND SUBMIT, IN A MANNER PRESCRIBED BY THE STATE BOARD OF EDUCATION, TO THE DEPARTMENT A CORRECTIVE ACTION PLAN THAT SETS FORTH STEPS THAT WILL BE TAKEN TO CORRECT THE DEFICIENCIES, IF ANY, NOTED IN THE DEPARTMENT'S REPORT.
- 10. WITHIN THIRTY DAYS AFTER RECEIVING A SCHOOL DISTRICT'S OR CHARTER SCHOOL'S CORRECTIVE ACTION PLAN, THE DEPARTMENT SHALL REVIEW THE CORRECTIVE ACTION PLAN AND MAY REQUIRE CHANGES TO THE CORRECTIVE ACTION PLAN.
- 11. AFTER THE DEPARTMENT HAS REVIEWED A SCHOOL DISTRICT'S OR CHARTER SCHOOL'S CORRECTIVE ACTION PLAN AND MADE ANY CHANGES THE DEPARTMENT CONSIDERS TO BE NECESSARY, THE DEPARTMENT SHALL RETURN THE CORRECTIVE ACTION PLAN TO THE SCHOOL DISTRICT OR CHARTER SCHOOL.
- 12. WITHIN THIRTY DAYS AFTER RECEIVING A CORRECTIVE ACTION PLAN BACK FROM THE DEPARTMENT, THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BEGIN IMPLEMENTING THE MEASURES IN THE PLAN.
- 13. THE DEPARTMENT SHALL CONDUCT A FOLLOW-UP EVALUATION OF THE SCHOOL DISTRICT OR CHARTER SCHOOL WITHIN ONE YEAR AFTER THE DEPARTMENT RETURNS THE CORRECTIVE ACTION PLAN TO THE SCHOOL DISTRICT OR CHARTER SCHOOL. IN

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CONDUCTING THE FOLLOW-UP EVALUATION, IF THE DEPARTMENT FINDS THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL IS NOT IN COMPLIANCE WITH STATE AND FEDERAL LAW APPLICABLE TO ENGLISH LANGUAGE LEARNERS, THE DEPARTMENT SHALL REFER THE SCHOOL DISTRICT OR CHARTER SCHOOL TO THE STATE BOARD OF EDUCATION FOR A FINDING OF NONCOMPLIANCE. A SCHOOL DISTRICT OR CHARTER SCHOOL FOUND BY THE BOARD TO BE NONCOMPLIANT SHALL NOT CONTINUE TO RECEIVE STATE AID MONIES FOR ENGLISH LANGUAGE LEARNERS AND SHALL NOT REDUCE THE AMOUNT OF MONIES SPENT ON THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S ENGLISH LANGUAGE LEARNER PROGRAMS DESPITE THE LOSS OF STATE AID MONIES CAUSED BY THE NONCOMPLIANCE.

- 14. THE DEPARTMENT SHALL MONITOR EACH SCHOOL DISTRICT OR CHARTER SCHOOL THAT THE STATE BOARD OF EDUCATION HAS FOUND TO BE NONCOMPLIANT AND THAT IS NOT RECEIVING STATE AID MONIES PURSUANT TO PARAGRAPH 13 OF THIS SUBSECTION TO ENSURE THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL DOES NOT REDUCE THE AMOUNT OF MONIES SPENT ON THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S ENGLISH LANGUAGE LEARNER PROGRAMS DESPITE THE LOSS OF STATE AID MONIES CAUSED BY THE NONCOMPLIANCE.
- 15. THE DEPARTMENT SHALL NOTIFY THE STATE BOARD OF EDUCATION WHEN THE SCHOOL DISTRICT OR CHARTER SCHOOL HAS ACHIEVED COMPLIANCE AND THE STATE BOARD SHALL AUTHORIZE THE SCHOOL DISTRICT OR CHARTER SCHOOL TO RECEIVE STATE AID MONIES FOR ENGLISH LANGUAGE LEARNERS.
- B. EACH SCHOOL DISTRICT AND CHARTER SCHOOL SHALL ANNUALLY SUBMIT A REPORT TO THE DEPARTMENT OF EDUCATION THAT INCLUDES THE FOLLOWING INFORMATION IDENTIFIED BY GRADE LEVEL AND BY SCHOOL:
- 1. THE NUMBER OF PUPILS WHO ARE CLASSIFIED AS ENGLISH LANGUAGE LEARNERS FOR THE FIRST TIME.
- 2. THE NUMBER OF ENGLISH LANGUAGE LEARNERS WHO ACHIEVED ENGLISH PROFICIENCY IN THE PAST ACADEMIC YEAR AND WHO EXITED THE ENGLISH LANGUAGE LEARNER PROGRAM.
 - 3. THE TOTAL NUMBER OF PUPILS CLASSIFIED AS ENGLISH LANGUAGE LEARNERS.
- 4. THE NUMBER OF PUPILS WHO ARE ENROLLED IN EACH TYPE OF LANGUAGE ACQUISITION PROGRAM OFFERED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL.
- 5. IF REQUESTED BY THE DEPARTMENT OF EDUCATION, THE TEST DATA USED TO DETERMINE ENGLISH PROFICIENCY.
- 6. THE NUMBER OF PUPILS RECLASSIFIED PURSUANT TO SECTION 15-756, SUBSECTION A, PARAGRAPH 4.
- 7. A DESCRIPTION WITH SUPPORTING DATA OF THE SUCCESS OF PUPILS IN THE FIRST TWO YEARS FOLLOWING CLASSIFICATION AS ENGLISH PROFICIENT.
- 8. THE ALLOCATION OF MONIES FROM THE ENGLISH LANGUAGE ACQUISITION PROGRAM AND A DESCRIPTION OF THE USE OF THE MONIES FOR EACH OF THE PURPOSES OF SECTION 15-966 IN A REPORTING FORMAT PRESCRIBED BY THE STATE AUDITOR GENERAL.
- 9. IN A BUDGET FORMAT PRESCRIBED BY THE STATE AUDITOR GENERAL, A DETAILED ACCOUNTING OF ALL REVENUES AND EXPENDITURES FROM ALL LOCAL, STATE AND FEDERAL FUNDING SOURCES THAT ARE USED BY THE SCHOOL DISTRICT OR CHARTER

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SCHOOL TO PROVIDE INSTRUCTION OR SERVICES TO ENGLISH LANGUAGE LEARNERS FOR LANGUAGE ACQUISITION PROGRAMS.

- C. THE DEPARTMENT OF EDUCATION SHALL SUBMIT AN ANNUAL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES THAT INCLUDES THE FOLLOWING:
- 1. A DETAILED SUMMARY OF THE INFORMATION SUBMITTED BY SCHOOL DISTRICTS AND CHARTER SCHOOLS PURSUANT TO SUBSECTION B OF THIS SECTION IN BOTH AN AGGREGATE AND SCHOOL DISTRICT AND CHARTER SCHOOL FORMAT.
- 2. A DESCRIPTION OF THE DEPARTMENT'S MONITORING ACTIVITIES AND RESULTS PURSUANT TO SUBSECTION A OF THIS SECTION.
- 3. AN ITEMIZED LIST OF ALL FEDERAL MONIES RECEIVED BY THE DEPARTMENT FOR LANGUAGE ACQUISITION PROGRAMS AND THE PURPOSES FOR WHICH THESE FEDERAL MONIES ARE DESIGNATED, INCLUDING MONIES USED TO MONITOR SCHOOLS AND SCHOOL DISTRICTS FOR COMPLIANCE WITH LAWS RELATED TO ENGLISH LANGUAGE LEARNERS OR TO FUND THE PURPOSES PRESCRIBED IN THIS SECTION.
- D. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ATTEMPT TO OBTAIN THE MAXIMUM AMOUNT OF FEDERAL FUNDING THAT IS AVAILABLE FOR BILINGUAL EDUCATION PROGRAMS AND STRUCTURED ENGLISH IMMERSION PROGRAMS AND ANY OTHER FUNDING FROM FEDERAL PROGRAMS THAT APPLY TO THE EDUCATIONAL NEEDS OF ENGLISH LANGUAGE LEARNERS.
- E. THE DEPARTMENT SHALL SUBMIT A COPY OF THE ANNUAL REPORT REQUIRED BY THIS SECTION TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY. ARCHIVES AND PUBLIC RECORDS.
- Sec. 7. Title 15, chapter 8, Arizona Revised Statutes, is amended by adding article 1.2, to read:

ARTICLE 1.2. PARENTAL EDUCATIONAL CHOICE GRANTS

15-817. Findings and legislative purpose

THE LEGISLATURE FINDS AND DECLARES:

- 1. THERE IS A CRISIS IN ELEMENTARY AND SECONDARY EDUCATION IN THIS COUNTRY. MANY SCHOOLCHILDREN, BUT PARTICULARLY THOSE WHOSE PARENTS ARE POOR, ARE PERFORMING SIGNIFICANTLY BELOW NATIONAL STANDARDS. OTHER CHILDREN ARE DROPPING OUT OF SCHOOL BEFORE COMPLETING THE ORDINARY COURSE OF SECONDARY EDUCATION. SUBSTANTIAL NUMBERS OF YOUNG PEOPLE ARE LEAVING SCHOOL WITHOUT THE BASIC SKILLS AND KNOWLEDGE THAT WILL ENABLE THEM TO FIND AND HOLD A JOB OR OTHERWISE FUNCTION AS PRODUCTIVE CITIZENS.
- 2. THE FREEDOM OF PARENTS TO CHOOSE SCHOOLS FOR THEIR CHILDREN THAT ARE ACCEPTABLE TO THEIR PERSONAL EDUCATIONAL CONVICTIONS IS AN INHERENT AND INALIENABLE PERSONAL RIGHT UNDER THE STATE AND FEDERAL CONSTITUTIONS. THE CURRENT SYSTEM OF SCHOOL FINANCE LIMITS PARENTS' FREEDOM TO SELECT SCHOOLS THAT THEY BELIEVE CAN PROVIDE THEIR CHILDREN WITH A QUALITY EDUCATION.
- 3. ALLOWING PARENTS TO CHOOSE SCHOOLS, PUBLIC AS WELL AS PRIVATE, FOR THEIR CHILDREN WILL PROMOTE A HEALTHY COMPETITION AMONG SCHOOLS AND EMPOWER PARENTS TO INFLUENCE EDUCATIONAL POLICIES AND PROCEDURES, LEADING TO BETTER QUALITY EDUCATION. COMPETITION CAN ALSO LEAD TO LOWER COSTS AS WASTE AND UNNECESSARY EXPENDITURES OF PUBLIC MONIES ARE NO LONGER TOLERATED.

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4. THIS ARTICLE IS IN THE PUBLIC INTEREST AND FOR THE PUBLIC BENEFIT AND SERVES A SECULAR PUBLIC PURPOSE.

15-817.01. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 1. "CUSTODIAN" MEANS A RESIDENT OF THIS STATE WHO IS A PARENT OR THE LEGAL GUARDIAN OF A QUALIFYING PUPIL.
- 2. "GRANT" MEANS A GRANT OF AID MADE UNDER THIS ARTICLE TO A QUALIFYING PUPIL, THROUGH THE QUALIFYING PUPIL'S CUSTODIAN, TO BE USED BY AND FOR THE BENEFIT OF THE PUPIL AS PROVIDED IN THIS ARTICLE.
- 3. "GRANT SCHOOL" MEANS A PRIVATE SCHOOL, WHETHER SECULAR OR SECTARIAN, THAT MAINTAINS ONE OR MORE GRADE LEVELS FROM KINDERGARTEN THROUGH GRADE TWELVE, THAT ELECTS AND IS ENTITLED TO PARTICIPATE IN AND REDEEM GRANTS PURSUANT TO THIS ARTICLE AND THAT IS ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING ORGANIZATION.
- 4. "QUALIFYING PUPIL" MEANS A STUDENT WHO IS ELIGIBLE TO RECEIVE A GRANT UNDER THIS ARTICLE.

15-817.02. <u>Parental educational choice grant program; nature of</u> grants

- A. A PARENTAL EDUCATIONAL CHOICE GRANT PROGRAM IS ESTABLISHED UNDER WHICH EACH CUSTODIAN OF A QUALIFYING PUPIL WHO COMPLETES AN APPLICATION FOR A GRANT UNDER THIS ARTICLE SHALL RECEIVE A GRANT THAT IS TO BE REDEEMED AT THE GRANT SCHOOL IN WHICH THE QUALIFYING PUPIL ENROLLS AND APPLIED TOWARD PAYMENT OF THE TUITION AND FEES PAYABLE FOR THE EDUCATIONAL AND RELATED SERVICES PROVIDED TO THE QUALIFYING PUPIL BY THAT GRANT SCHOOL.
- B. A GRANT PROVIDED UNDER THIS ARTICLE CONSTITUTES A GRANT OF AID TO A QUALIFYING PUPIL THROUGH THE QUALIFYING PUPIL'S RESPECTIVE CUSTODIAN AND NOT TO THE GRANT SCHOOL IN WHICH THE QUALIFYING PUPIL IS ENROLLED. THE GRANT DOES NOT CONSTITUTE TAXABLE INCOME TO THE CUSTODIAN OR THE QUALIFYING PUPIL.
- C. A QUALIFYING PUPIL SHALL NOT RECEIVE A GRANT FOR ANY PORTION OF A SCHOOL YEAR IN WHICH THE QUALIFYING PUPIL IS ENROLLED IN A PRIVATE SCHOOL THAT DOES NOT REDEEM GRANTS UNDER THIS ARTICLE.
- D. A CUSTODIAN IS FREE TO CHOOSE ANY GRANT SCHOOL FOR ENROLLMENT OF THE QUALIFYING PUPIL, AND THAT CHOICE OR SELECTION IS NOT AND SHALL NOT BE DEEMED TO BE A DECISION OR ACT OF THIS STATE OR ANY OF ITS POLITICAL SUBDIVISIONS.

15-817.03. Grant eligibility

- A. A PUPIL IS ELIGIBLE TO RECEIVE A GRANT UNDER THIS ARTICLE IF BOTH:
- 1. DURING THE SCHOOL YEAR IN WHICH THE SCHOLARSHIP IS TO BE EFFECTIVE, THE PUPIL MEETS ALL OF THE FOLLOWING CONDITIONS:
 - (a) RESIDES IN THIS STATE.
- (b) IS UNDER TWENTY-TWO YEARS OF AGE AND HAS NOT GRADUATED FROM HIGH SCHOOL OR OBTAINED A GENERAL EQUIVALENCY DIPLOMA.
- (c) ENROLLS AS A FULL-TIME PUPIL IN A GRANT SCHOOL AT A GRADE LEVEL IN WHICH ALL QUALIFYING PUPILS IN THAT GRADE ARE ENTITLED TO RECEIVE A GRANT PURSUANT TO THIS ARTICLE.

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- 2. DURING THE YEAR BEFORE QUALIFYING FOR AND ACCEPTING A GRANT, THE PUPIL WAS ENROLLED IN AND ATTENDING A PUBLIC SCHOOL IN THIS STATE FOR AT LEAST NINETY PER CENT OF THE SCHOOL YEAR. PUPILS ENTERING KINDERGARTEN OR FIRST GRADE ARE EXEMPT FROM THE PREVIOUS SCHOOL YEAR ATTENDANCE ELIGIBILITY REQUIREMENT.
- B. A QUALIFYING PUPIL WHO RECEIVES A GRANT PURSUANT TO THIS ARTICLE SHALL CONTINUE TO RECEIVE A GRANT EACH YEAR IF THE QUALIFYING PUPIL COMPLETED ALL NECESSARY COURSEWORK TO BE PROMOTED TO AT LEAST THE NEXT GRADE LEVEL IN THE GRANT SCHOOL, THE QUALIFYING PUPIL IS IN GOOD ACADEMIC STANDING WITH THE GRANT SCHOOL AND THE CUSTODIAN COMPLETES ALL APPLICATIONS REQUIRED BY THE GRANT SCHOOL AND THE DEPARTMENT.

15-817.04. Implementation schedule

BEGINNING WITH THE 2006-2007 SCHOOL YEAR, EACH QUALIFYING PUPIL IN A KINDERGARTEN PROGRAM, GRADE ONE AND GRADE TWELVE IN A GRANT SCHOOL IS ENTITLED TO RECEIVE A GRANT. BEGINNING WITH THE 2007-2008 SCHOOL YEAR, EACH QUALIFYING PUPIL IN GRADES TWO AND ELEVEN IS ENTITLED TO RECEIVE A GRANT. BEGINNING WITH THE 2008-2009 SCHOOL YEAR, EACH QUALIFYING PUPIL IN GRADES THREE, NINE AND TEN IS ENTITLED TO RECEIVE A GRANT. BEGINNING WITH THE 2009-2010 SCHOOL YEAR, EACH QUALIFYING PUPIL IN GRADES FOUR, SEVEN AND EIGHT IS ENTITLED TO RECEIVE A GRANT. BEGINNING WITH THE 2010-2011 SCHOOL YEAR, EACH QUALIFYING PUPIL IN GRADES FIVE AND SIX IS ENTITLED TO RECEIVE A GRANT.

15-817.05. Participation by grant schools; report

- A. A PRIVATE SCHOOL, WHETHER SECULAR OR SECTARIAN, THAT MAINTAINS ANY GRADE IN WHICH A QUALIFYING PUPIL ENROLLED IS ENTITLED TO RECEIVE A GRANT PURSUANT TO THIS ARTICLE SHALL HAVE THE OPTION EACH SCHOOL YEAR OF PARTICIPATING OR NOT PARTICIPATING IN THE GRANT PROGRAM ESTABLISHED UNDER THIS ARTICLE. A SCHOOL THAT WISHES TO PARTICIPATE IN THE PROGRAM AS A GRANT SCHOOL MUST COMPLETE ALL APPLICATIONS WITH THE DEPARTMENT BY FEBRUARY 15 OF EACH CALENDAR YEAR FOR INCLUSION IN THE PROGRAM FOR THE FOLLOWING SCHOOL YEAR.
- B. A PRIVATE SCHOOL THAT PARTICIPATES IN THE GRANT PROGRAM AND THAT IS ENTITLED TO REDEEM A GRANT FOR A QUALIFYING PUPIL WHO ENROLLS IN THAT GRANT SCHOOL IS NOT REQUIRED TO ACCEPT THE GRANT AS FULL PAYMENT FOR THE EDUCATIONAL AND RELATED SERVICES THAT THE SCHOOL PROVIDES TO THAT QUALIFYING PUPIL AND MAY CHARGE THE QUALIFYING PUPIL AN ADDITIONAL AMOUNT REPRESENTING THE BALANCE OF THE TUITION AND FEES THAT REMAINS PAYABLE AFTER CREDITING THE QUALIFYING PUPIL WITH THE AMOUNT OF THE GRANT RECEIVED BY THE QUALIFYING PUPIL UNDER THIS ARTICLE. A PRIVATE SCHOOL THAT REDEEMS GRANTS UNDER THIS ARTICLE SHALL USE THE GRANT PROCEEDS SOLELY TO PROVIDE EDUCATIONAL GOODS, SERVICES AND FACILITIES FOR ITS QUALIFYING PUPILS AND IS NOT ENTITLED TO RECEIVE, FOR REDEEMING A GRANT, ANY AMOUNT IN EXCESS OF THE TUITION AND FEES CUSTOMARILY CHARGED BY THE SCHOOL TO COVER THE COST OF PROVIDING THOSE EDUCATIONAL GOODS, SERVICES AND FACILITIES.

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- C. EACH GRANT SCHOOL SHALL:
- 1. ENSURE THE ELIGIBILITY OF EACH APPLICANT FOR A GRANT ISSUED PURSUANT TO THIS ARTICLE.
- 2. BY AUGUST 1 OF EACH YEAR, SUBMIT A LIST OF QUALIFYING PUPILS AND THE CONTACT INFORMATION OF EACH CUSTODIAN OF A QUALIFYING PUPIL ACCEPTED INTO THE SCHOOL FOR THAT SCHOOL YEAR TO THE DEPARTMENT.
- 3. SUBMIT A LIST OF QUALIFYING PUPILS ENROLLED IN AND ATTENDING THE SCHOOL WITH A GRANT AS OF THE DATE OF THE REPORT TO THE DEPARTMENT ON AUGUST 15, OCTOBER 15, JANUARY 15 AND APRIL 15 OF EACH YEAR. THE REPORT SHALL CONSTITUTE THE BASE PUPIL LEVEL OF QUALIFYING PUPILS. THE BASE PUPIL LEVEL SHALL ACCURATELY REFLECT THE NUMBER OF QUALIFYING STUDENTS ENROLLED IN AND ATTENDING THE GRANT SCHOOL.
 - 4. ANNUALLY MEET AT LEAST ONE OF THE FOLLOWING STANDARDS:
- (a) AT LEAST SEVENTY PER CENT OF THE QUALIFYING PUPILS IN THE PROGRAM ADVANCE AT LEAST ONE GRADE LEVEL EACH YEAR.
- (b) THE GRANT SCHOOL'S AVERAGE ATTENDANCE RATE FOR THE PUPILS IN THE PROGRAM IS AT LEAST NINETY PER CENT.
- (c) AT LEAST EIGHTY PER CENT OF THE QUALIFYING PUPILS IN THE PROGRAM DEMONSTRATE SIGNIFICANT ACADEMIC PROGRESS.
- (d) AT LEAST SEVENTY PER CENT OF THE FAMILIES OF QUALIFYING PUPILS IN THE PROGRAM MEET PARENT INVOLVEMENT CRITERIA ESTABLISHED BY THE GRANT SCHOOL.

15-817.06. <u>Annual list of grant schools; applications for admission and grant</u>

- A. ON OR BEFORE MARCH 31, THE DEPARTMENT SHALL ISSUE A PRESS RELEASE AND SHALL PUBLISH ON ITS WEB SITE A LIST OF ALL GRANT SCHOOLS IN THE STATE THAT WILL REDEEM GRANTS UNDER THIS ARTICLE FOR THE SCHOOL YEAR THAT BEGINS IN THAT CALENDAR YEAR. EACH SCHOOL ON THE LIST SHALL BE IDENTIFIED BY AT LEAST CONTACT INFORMATION AND BY THE GRADE LEVEL OR LEVELS FOR WHICH THE SCHOOL WILL REDEEM GRANTS FOR THAT SCHOOL YEAR.
- B. A CUSTODIAN WHO WISHES TO ENROLL A QUALIFYING PUPIL IN A GRANT SCHOOL FOR ANY SCHOOL YEAR ON A GRANT THAT IS TO BE ISSUED UNDER THIS ARTICLE SHALL COMPLETE AND SUBMIT, NOT LATER THAN JUNE 15 OF THE CALENDAR YEAR IN WHICH THE SCHOOL YEAR THAT THE GRANT IS TO BE EFFECTIVE BEGINS, AN APPLICATION TO THE GRANT SCHOOL ON A FORM PROVIDED BY THE SCHOOL. APPLICATION SHALL BE FILED AT THE SAME TIME THAT THE CUSTODIAN SUBMITS THE APPLICATION FOR A GRANT TO THE DEPARTMENT OF EDUCATION PURSUANT TO SUBSECTION C. WITHIN FORTY-FIVE DAYS AFTER RECEIVING THE APPLICATION, THE GRANT SCHOOL SHALL NOTIFY THE APPLICANT, IN WRITING, WHETHER THE APPLICATION HAS BEEN ACCEPTED. THE DEPARTMENT SHALL ENSURE THAT THE PRIVATE SCHOOL DETERMINES WHICH PUPILS TO ACCEPT ON A RANDOM BASIS, EXCEPT THAT THE GRANT SCHOOL MAY GIVE PREFERENCE IN ACCEPTING APPLICATIONS TO RETURNING QUALIFYING PUPILS AND SIBLINGS OF QUALIFYING PUPILS ACCEPTED ON A RANDOM BASIS. IF THE GRANT SCHOOL REJECTS AN APPLICANT BECAUSE IT HAS TOO FEW AVAILABLE SPACES, THE PUPIL MAY USE THE GRANT TO APPLY FOR ENROLLMENT BEFORE JUNE 15 OF EACH YEAR TO A PARTICIPATING GRANT SCHOOL THAT HAS SPACE AVAILABLE.

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- C. A CUSTODIAN WHO WISHES TO ENROLL A QUALIFYING PUPIL IN A GRANT SCHOOL SHALL SUBMIT AN APPLICATION FOR A GRANT TO THE DEPARTMENT. THE FORM OF APPLICATION FOR A GRANT SHALL BE DEVELOPED BY THE DEPARTMENT AND SHALL BE PUBLISHED ON ITS WEB SITE IN A FORMAT THAT MAY BE DOWNLOADED BY PUPILS OR CUSTODIANS OF PUPILS WHO REQUEST THE FORM. THE GRANT FORM SHALL PROVIDE FOR IDENTIFICATION OF A QUALIFYING PUPIL BY AT LEAST THE PUPIL'S NAME, DATE OF BIRTH, ADDRESS, SCHOOL DISTRICT OF RESIDENCE, SCHOOL AND GRADE OF CURRENT ENROLLMENT, SCHOOL TO WHICH APPLICATION FOR ADMISSION UNDER A GRANT IS BEING MADE AND GRADE OF SCHOOL IN WHICH THE GRANT APPLIED FOR IS TO BE EFFECTIVE.
- D. NOTWITHSTANDING ANY OTHER LAW, THE DEPARTMENT SHALL REDUCE THE AVERAGE DAILY MEMBERSHIP OF THE PUBLIC SCHOOL OF PREVIOUS YEAR ATTENDANCE FOR EACH QUALIFYING PUPIL WHO RECEIVES A GRANT PURSUANT TO THIS ARTICLE.

15-817.07. Grant value

- A. A GRANT ISSUED UNDER THIS ARTICLE FOR THE BENEFIT OF A QUALIFYING PUPIL IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT SHALL HAVE A VALUE EQUAL TO THREE THOUSAND FIVE HUNDRED DOLLARS OR THE TOTAL AMOUNT OF TUITION AND FEES CHARGED BY THE SCHOOL, WHICHEVER IS LESS. A GRANT ISSUED UNDER THIS ARTICLE FOR THE BENEFIT OF A QUALIFYING PUPIL IN GRADES NINE THROUGH TWELVE SHALL HAVE A VALUE EQUAL TO FOUR THOUSAND FIVE HUNDRED DOLLARS OR THE TOTAL AMOUNT OF TUITION AND FEES CHARGED BY THE SCHOOL, WHICHEVER IS LESS.
- B. THE GRANT VALUE SHALL BE ANNUALLY ADJUSTED TO REFLECT THE PERCENTAGE INCREASE IN THE BASE LEVEL PRESCRIBED IN SECTION 15-901.01.

15-817.08. <u>Distribution of grant monies; transfer from grant school; excess value of grant</u>

- A. THE MONIES TO PAY A GRANT THAT IS ISSUED FOR THE BENEFIT OF A QUALIFYING PUPIL AND THAT IS TO BE EFFECTIVE DURING THE SCHOOL YEAR WITH RESPECT TO WHICH THOSE MONIES ARE PAID SHALL BE DISTRIBUTED BY THE DEPARTMENT IMMEDIATELY ON RECEIPT OF PROOF OF THE PUPIL'S ENROLLMENT IN THE GRANT SCHOOL DURING A SCHOOL YEAR AND IN THE FORM OF A GRANT TO THE CUSTODIAN. THE CUSTODIAN SHALL RESTRICTIVELY ENDORSE THE GRANT FOR THE USE OF THE GRANT SCHOOL AND SURRENDER THE GRANT TO THE GRANT SCHOOL. THE GRANT SCHOOL SHALL IMMEDIATELY CREDIT THE ACCOUNT OF THE CUSTODIAN OF THE QUALIFYING PUPIL AND APPLY THE GRANT FOR THE BENEFIT OF THE QUALIFYING PUPIL IN PAYMENT OF THE TUITION AND FEES DUE FROM, OR THE COSTS OF PROVIDING EDUCATIONAL AND RELATED SERVICES TO, THAT PUPIL.
- B. THE DEPARTMENT SHALL ANNUALLY MAKE FOUR PAYMENTS TO A GRANT SCHOOL BASED ON THE BASE PUPIL LEVEL PURSUANT TO SECTION 15-817.05, SUBSECTION C, PARAGRAPH 3. THE PAYMENTS SHALL BE ISSUED TO THE GRANT SCHOOLS ON SEPTEMBER 1, NOVEMBER 1, FEBRUARY 1 AND MAY 1.
- C. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, IF A QUALIFYING PUPIL TRANSFERS FROM A GRANT SCHOOL TO ANOTHER SCHOOL DURING THE SCHOOL YEAR IN WHICH A GRANT ISSUED FOR THE BENEFIT OF THAT PUPIL IS EFFECTIVE. THE GRANT SCHOOL FROM WHICH THE PUPIL TRANSFERS SHALL:

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- 1. PROVIDE WRITTEN NOTICE OF THE TRANSFER, WITHIN TEN DAYS AFTER THE TRANSFER OCCURS, TO THE DEPARTMENT.
- 2. RETURN TO THE DEPARTMENT, TO BE HELD IN TRUST AND MAINTAINED BY THE DEPARTMENT IN THE NAME OF THE TRANSFERRING PUPIL'S CUSTODIAN FOR THE BENEFIT OF THAT PUPIL, ANY GRANT MONIES ALREADY PAID OR DISTRIBUTED TO THE GRANT SCHOOL UNDER SUBSECTION A OF THIS SECTION FOR THE BENEFIT OF THAT PUPIL FOR THAT SCHOOL YEAR AND NOT YET DUE OR EARNED AS TUITION AND FEES OR AS THE COST OF PROVIDING EDUCATIONAL AND RELATED SERVICES FOR THAT PUPIL FOR THAT SCHOOL YEAR.

15-817.09. Parental educational choice grant fund

- A. THE PARENTAL EDUCATIONAL CHOICE GRANT FUND IS ESTABLISHED. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND SHALL BE USED FOR PARENTAL EDUCATIONAL CHOICE GRANTS PURSUANT TO THIS ARTICLE.
- B. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.
- C. THE DEPARTMENT MAY USE UP TO ONE PER CENT OF THE ANNUAL LEGISLATIVE APPROPRIATION FOR PAYMENT OF THE COSTS AND EXPENSES THAT ARE INCURRED BY THE DEPARTMENT IN PERFORMING THE DUTIES AND RESPONSIBILITIES UNDER THIS ARTICLE.

15-817.10. Violations; classification

A PERSON WHO DOES ANY OF THE FOLLOWING IS GUILTY OF A CLASS 6 FELONY:

- 1. USES OR ATTEMPTS TO USE A GRANT OR CERTIFICATE OF GRANT FOR ANY PURPOSE OTHER THAN THOSE PERMITTED BY THIS ARTICLE.
- 2. WITH INTENT TO DEFRAUD, KNOWINGLY FORGES, ALTERS OR MISREPRESENTS INFORMATION ON A GRANT OR CERTIFICATE OF GRANT OR ON ANY DOCUMENTS SUBMITTED IN APPLICATION FOR A GRANT.
- 3. ISSUES OR DELIVERS ANY GRANT, CERTIFICATE OF GRANT OR OTHER GRANT RELATED DOCUMENT KNOWING IT HAS BEEN FORGED, ALTERED OR BASED ON MISREPRESENTATION.
- 4. POSSESSES, WITH INTENT TO ISSUE OR DELIVER, ANY GRANT, CERTIFICATE OF GRANT OR OTHER GRANT RELATED DOCUMENT KNOWING IT HAS BEEN FORGED, ALTERED OR BASED ON MISREPRESENTATION.
 - 15-817.11. Limitation on regulation of private schools
- A. IN ANY LEGAL PROCEEDING CHALLENGING THE APPLICATION OF THIS ARTICLE TO A PRIVATE SCHOOL, THIS STATE BEARS THE BURDEN OF ESTABLISHING THAT THE LAW IS NECESSARY AND DOES NOT IMPOSE ANY UNDUE BURDEN ON PRIVATE SCHOOLS.
- B. A PRIVATE SCHOOL SHALL NOT BE REQUIRED TO ALTER ITS CREED, PRACTICES OR CURRICULUM IN ORDER TO REDEEM GRANTS ISSUED PURSUANT TO THIS ARTICLE OR IN ORDER TO PARTICIPATE AS A GRANT SCHOOL.
 - Sec. 8. Section 15-902, Arizona Revised Statutes, is amended to read: 15-902. <u>Determination of student count</u>
- A. For a common or a unified school district in which the average daily membership through the first one hundred days or two hundred days in session, as applicable, of the current year has exceeded the average daily attendance through the first one hundred days or two hundred days in session,

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as applicable, of the current year by more than six per cent, the student count shall be determined by an adjusted average daily membership computed by multiplying the actual average daily attendance by one hundred six per cent.

- B. For a high school district in which the average daily membership through the first one hundred days in session of the current year exceeds the average daily attendance through the first one hundred days in session of the current year by more than eight and one-half per cent, the student count shall be determined by an adjusted average daily membership computed by multiplying the actual average daily attendance by one hundred eight and one-half per cent. If the high school district which utilized adjusted average daily membership pursuant to this subsection does not qualify for equalization assistance as provided by section 15-971, the computation of additional state aid for education as provided in section 15-972 for that district shall not include in the primary property tax rate the amount of primary property taxes necessary to fund an amount computed as follows:
- 1. Determine the revenue control limit, capital outlay revenue limit, and soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION using the adjusted average daily membership.
 - 2. Add the amounts determined in paragraph 1 of this subsection.
- 3. Determine the revenue control limit, capital outlay revenue limit, and soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION using a student count computed by multiplying the actual average daily attendance by one hundred six per cent.
 - 4. Add the amounts determined in paragraph 3 of this subsection.
- 5. Subtract the sum determined under paragraph 4 of this subsection from the sum determined under paragraph 2 of this subsection.
- C. A school district required to utilize adjusted average daily membership as provided in this section may apply to the department of education for a further adjustment if student absences result from any of the following reasons:
- $1.\ \mbox{Widespread}$ illness for any period of three consecutive days or more.
- 2. Adverse weather conditions for any period of three consecutive days or more.
- 3. Concerted refusal by students to attend classes for any period of three consecutive days of more.
- 4. Threats of violence against school property, school personnel or students for any period of one day or more.
- D. All student absence figures shall be submitted by the school district on a school by school basis to the department of education pursuant to subsection C of this section and shall be certified by the governing board of the school district. The department of education shall review the materials and documents submitted and $\frac{may}{may}$, if it determines that the absences resulted from the reasons prescribed by this section, MAY further adjust the average daily membership figures of the school district.

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- E. A school district required to use adjusted average daily membership as provided in this section may apply to the department of education for a further adjustment due to absences of pupils with chronic health problems as defined in section 15-346 if the school district is providing services to the pupils during their absence from school.
- F. A pupil is enrolled if the pupil is currently registered in the school district. In addition, the uniform system of financial records shall contain procedures to ensure that enrollment is determined by all school districts on a uniform basis.
- G. Any determination of average daily attendance and average daily membership shall be based on the records of the superintendent of public instruction.
- H. For school districts which maintain an approved year-round school year operation program, an educational program offered on the basis of a four day school week or an alternative kindergarten program offered on the basis of a three day school week, student count shall be based on a computation as prescribed by the superintendent of public instruction on the one hundred seventy-five days' equivalency or two hundred days' equivalency, as applicable, of instructional time as approved by the superintendent of public instruction during which each pupil is enrolled.
- I. School districts shall be required to record electronically membership and attendance on a school by school basis for each day school is in session. Records shall be certified and forwarded to the department of education electronically within twelve days after the first forty days in session and within twelve days after the first one hundred days in session.
- J. Absences shall be made part of the attendance record and shall be forwarded electronically by the school district on a school by school basis with other records to the department of education.
- K. If a new school district is formed by the subdivision of an existing school district as provided in section 15-458, the new school district shall determine its student count, the approved daily route mileage and the number of eligible students transported on the basis of where pupils reside within the boundaries of the new school district when computing assistance as provided in this chapter. The school district shall determine its student count, the approved daily route mileage and the number of eligible students transported on the basis of where pupils reside within the diminished boundaries of the school district when computing a school district budget limit and assistance as provided in this chapter. The combined student count in the new districts may not exceed the student count of the school district which would have existed if the subdivision had not occurred.
 - Sec. 9. Section 15-903, Arizona Revised Statutes, is amended to read: 15-903. <u>Budget format; prohibited expenditures</u>
- A. The superintendent of public instruction in conjunction with the auditor general shall prepare and prescribe a budget format to be utilized by all school districts on a school by school basis.

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- The budget format shall be designed to allow all school districts to plan and provide in detail for the use of available funds on a school by school basis, except that the budget format shall not be required to provide details on a school by school basis in fiscal years 2004-2005 and 2005-2006. The budget format shall contain distinct sections for, but need not be limited to, maintenance and operation, debt service, special projects, capital outlay, adjacent ways and classroom site fund. The maintenance and operation section shall include, but need not be limited to, separate subsections for regular education programs, special education programs and operational expenditures for pupil transportation. Each subsection shall clearly distinguish classroom instruction expenditures. The sections for individual schools shall only contain aggregate summaries by major function for the maintenance and operation, unrestricted capital outlay, and soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION funds. A school district shall prepare budgets for each individual school in the district and shall make these individual school budgets available to the public on request. The special education program subsection shall include, but is not limited to, programs for each disability classification as defined in section 15–761 and programs for gifted, vocational and technological education, remedial education and bilingual students. The total expenditures for each of these programs shall be included on the budget form. The pupil transportation subsection shall include all operational expenditures relating to the transportation of pupils, including all operational expenditures within a contract if the school district contracts for pupil transportation.
- C. The capital outlay section of the budget shall include separate subsections for unrestricted capital outlay and soft capital allocation. The soft capital allocation subsection shall include budgeted expenditures as prescribed in section 15-962. The unrestricted capital outlay subsection shall include budgeted expenditures for acquisitions by purchase, lease-purchase or lease of capital items as defined in the uniform system of financial records. These sections and subsections shall include:
- 1. Land, buildings and improvements to land and buildings, including labor and related employee benefits costs and material costs if work is performed by school district employees.
- 2. Furniture, furnishings, athletic equipment and other equipment, including computer software.
- 3. Pupil and nonpupil transportation vehicles and equipment, including all capital expenditures within a contract if the school district contracts for pupil transportation.
- 4. Textbooks and related printed subject matter materials adopted by the governing board.
 - 5. Instructional aids.
 - 6. Library books.
 - 7. Payment of principal and interest on bonds.

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- 8. School district administration emergency needs that are directly related to pupils.
- D. The budget format shall contain distinct subsections for the following:
- 1. Special programs to improve academic achievement of pupils in kindergarten programs and grades one through three as provided in section 15-482.
 - 2. School plant funds.
 - 3. Capital outlay budget increases as provided in section 15-481.
 - 4. Property taxation including the following:
- (a) The primary tax rates for the school district for the current year and the budget year.
- (b) The secondary tax rates for maintenance and operation, K-3 and capital overrides for the school district for the current year and the budget year.
- (c) The secondary tax rates for class A bonds for the school district for the current year and the budget year.
- (d) The secondary tax rates for class B bonds for the school district for the current year and the budget year.
- 5. A description of any corrections or adjustments made to the budget pursuant to section 15-915.
 - E. The budget format shall also contain:
- 1. A statement identifying proposed pupil-teacher ratios and pupil-staff ratios relating to the provision of special education services for the budget year.
- 2. A statement identifying the number of full-time equivalent certified employees.
- 3. If a governing board uses section 15-942 relating to the adjustment for rapid decline in student count, a statement identifying the actual per cent decline in student count and a statement identifying the additional allowable expenditures attributable to using the rapid decline provisions as provided in section 15-942.
- F. The special projects section shall include budgeted expenditures for state special projects, including special adult projects, career education, deficiencies correction fund projects, building renewal fund projects and new school facilities fund projects, such federal special projects as ESEA title programs, vocational education and title IV Indian education, and other special projects.
- G. A school district shall not make expenditures for campaign literature associated with school district or charter school officials. If the superintendent of public instruction determines that a school district has violated this subsection, the superintendent of public instruction may withhold any portion of the school district's apportionment of state aid.
- H. The budget format shall include an electronic format that shall be submitted for each proposed, adopted and revised budget.

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Sec. 10. Section 15-904, Arizona Revised Statutes, is amended to read: 15-904. School district annual financial report: publication: summary: exemption

- The governing board of each school district shall publish an annual financial report on a school by school basis for the prior fiscal year by November 15, except that the annual financial report shall not be required to include information on a school by school basis in fiscal years 2004-2005 and 2005-2006. The auditor general in conjunction with the department of education shall prescribe the format of the financial report to be used by school districts. The financial report shall contain budgeted and actual expenditures for the preceding fiscal year and shall be prepared and distributed by October 15 by the school district with a copy to the county school superintendent. A copy of the annual financial report shall be submitted electronically by the school district to the superintendent of public instruction by October 15. The annual financial report shall be approved by the county school superintendent in an electronic procedure as prescribed by the department of education. School districts that are subject to section 15-914.01 are not required to send a copy to the county school superintendent.
- B. In addition to the information required in subsection A of this section, the annual financial report shall contain detailed information on the school district budgeted and actual expenditures from the bond building fund, the soft capital allocation fund, THE ENGLISH LANGUAGE ACQUISITION PROGRAM FUND, the deficiencies correction fund, the building renewal fund and the new school facilities fund, including but not limited to information on classified salaries, employee benefits, interest and fiscal charges, capital lease agreements, land and improvements, buildings and improvements, furniture and equipment, technology and vehicles and transportation equipment for pupils. The information shall specify whether the expenditures are for school district renovation or for new construction, the cost per square foot, and land acquisition costs, as appropriate. The reporting by individual schools shall be limited to annual expenditures aggregated by major function for the maintenance and operation, unrestricted capital outlay and soft capital allocation funds.
- C. Except as provided in subsection D of this section, the governing board shall publish, by November 15, the annual financial report for the school district on a school by school basis in a newspaper of general circulation within the school district or in the official newspaper of the county as defined in section 11-255 or the governing board may mail the annual financial report to each household in the school district, except that the annual financial report shall not be required to include information on a school by school basis in fiscal years 2004-2005 and 2005-2006. If the governing board chooses to publish the report in a newspaper, the size of the newspaper print shall be at least eight-point type. The cost of publication or mailing shall be a charge against the school district. The publisher's

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affidavit of publication shall be filed by the governing board of the school district with the superintendent of public instruction within thirty days after publication.

- D. The governing board may publish or mail a summary of the annual financial report in the same manner as provided in subsection C of this section. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the annual financial report for use by the governing boards.
- E. The superintendent of public instruction shall compile the financial reports of the school districts on a school by school basis and shall report to the governor and the legislature on or before January 15 of each year as provided in section 15-255, except that the financial reports shall not be required to include information on a school by school basis in fiscal years 2004-2005 and 2005-2006.
 - Sec. 11. Section 15-905, Arizona Revised Statutes, is amended to read:

 15-905. School district budgets; notice; adoption; aggregate

 budget limit; summary; adjustments; definition
- A. Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting as required by this section, the governing board of each school district shall prepare and furnish to the superintendent of public instruction and the county school superintendent, unless waived by the county school superintendent, a proposed budget in electronic format for the budget year, which shall contain the information and be in the form as provided by the department of education. The proposed budget shall include the following:
- 1. The total amount of revenues from all sources that was necessary to meet the school district's budget for the current year.
- 2. The total amount of revenues by source that will be necessary to meet the proposed budget of the school district, excluding property taxes. The governing board shall prepare the proposed budget and a summary of the proposed budget. Both documents shall be kept on file at the school district office and shall be made available to the public upon request. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the proposed budget for use by governing boards. School district governing boards may include in the proposed budget any items or amounts which are authorized by legislation filed with the secretary of state and which will become effective during the budget year. If subsequent events prevent the legislation from becoming effective, school district governing boards must reduce their budgets by the amounts budgeted pursuant to the legislation which did not become effective.
- B. The governing board of each school district shall prepare a notice fixing a time not later than July 15 and designating a public place within each school district at which a public hearing and board meeting shall be held. The governing board shall present the proposed budget for

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consideration of the residents and the taxpayers of the school district at such hearing and meeting.

- The governing board of each school district shall publish or mail, prior to the hearing and meeting, a copy of the proposed budget or the summary of the proposed budget and, in addition, a notice of the public hearing and board meeting no later than ten days prior to the meeting. The proposed budget and the summary of the proposed budget shall contain the percentage of increase or decrease in each budget category of the proposed budget as compared to each category of the budget for the current year. Notification shall be either by publication in a newspaper of general circulation within the school district in which the size of the newspaper print shall be at least eight-point type, by electronic transmission of the information to the department of education for posting on the department's web site or by mailing the information to each household in the school district. The cost of publication, web site posting or mailing shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the governing board with the superintendent of public instruction within thirty days after publication. If the budget or proposed budget and notice are posted on a web site maintained by the department of education or mailed, the board shall file an affidavit with the superintendent of public instruction within thirty days after the mailing or the date that the information is posted on the web site. If a truth in taxation notice and hearing is required under section 15-905.01, the governing board may combine the notice and hearing under this section with the truth in taxation notice and hearing.
- D. At the time and place fixed in the notice, the governing board shall hold the public hearing and present the proposed budget to the persons attending the hearing. Upon request of any person, the governing board shall explain the budget, and any resident or taxpayer of the school district may protest the inclusion of any item. A governing board member who has a substantial interest, as defined in section 38-502, in a specific item in the school district budget shall refrain from voting on the specific item. A governing board member may without creating a conflict of interest participate in adoption of a final budget even though the member may have substantial interest in specific items included in the budget.
- E. Immediately following the public hearing the president shall call to order the governing board meeting for the purpose of adopting the budget. The governing board shall adopt the budget which shall not exceed the general budget limit, the unrestricted capital budget limit, or the soft capital allocation limit OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION, making such deductions as it sees fit but making no additions to the proposed budget total for maintenance and operations or capital outlay, and shall enter the budget as adopted in its minutes. Not later than July 18, the budget as finally adopted shall be filed by the governing board with the county school superintendent who shall immediately transmit a copy to the

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board of supervisors. Not later than July 18, the budget as finally adopted shall be submitted electronically to the superintendent of instruction. On or before October 30, the superintendent of public instruction shall review the budget and notify the governing board if the budget is in excess of the general budget limit, the unrestricted capital budget limit, or the soft capital allocation limit OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION. If the governing board receives notification that the budget is in excess of the general budget limit, the unrestricted capital budget limit, or the soft capital allocation limit OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION by fewer than one thousand dollars, the governing board shall adjust the budget and expenditures so as not to exceed the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit for the current year. If the governing board receives notification that the budget is in excess of the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit by one thousand dollars or more, it shall on or before December 15, after it gives notice and holds a public meeting in a similar manner as provided in subsections C and D of this section, adopt a revised budget for the current year which shall not exceed the general budget limit, the unrestricted capital budget limit, or the soft capital allocation limit OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION. On or before December 18, the governing board shall file the revised budget which it adopts with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than December 18, the budget as revised be submitted electronically to the superintendent of instruction. School districts that are subject to section 15-914.01 are not required to send a copy of revised budgets to the county school superintendent. Procedures for adjusting expenditures or revising the budget shall be as prescribed in the uniform system of financial records.

- F. The governing board of each school district may budget for expenditures within the school district budget as follows:
- 1. Amounts within the general budget limit, as provided in section 15-947, subsection C, may only be budgeted in the following sections of the budget:
 - (a) The maintenance and operation section.
 - (b) The capital outlay section.
- 2. Amounts within the unrestricted capital budget limit, as provided in section 15-947, subsection D, may only be budgeted in the unrestricted capital outlay subsection of the budget. Monies received pursuant to the unrestricted capital budget limit shall be placed in the unrestricted capital outlay fund. The monies in the fund are not subject to reversion.
- 3. The soft capital allocation limit, as provided in section 15-947, subsection E, may only be budgeted in the soft capital allocation subsection of the budget.

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- G. The governing board may authorize the expenditure of monies budgeted within the maintenance and operation section of the budget for any subsection within the section in excess of amounts specified in the adopted budget only by action taken at a public meeting of the governing board and if the expenditures for all subsections of the section do not exceed the amount budgeted as provided in this section. Until June 30, 1999, the governing board may authorize the expenditure of monies to exceed the budgeted expenditures of the capital outlay section of the budget only by action taken at a public meeting of the governing board and if monies are available in the reserve.
 - H. The aggregate budget limit is the sum of the following:
- 1. The general budget limit as determined in section 15-947 for the budget year.
- 2. The unrestricted capital budget limit as determined in section 15-947 for the budget year.
- 3. The soft capital allocation limit for the budget year as determined in section 15-947.
- 4. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS DETERMINED IN SECTION 15-966.
 - 4. 5. Federal assistance, excluding P.L. 81-874 monies.
- I. School districts which overestimated tuition revenues as provided in section 15–947, subsection C, paragraph 2 shall adjust the general budget limit and expenditures based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which underestimated tuition revenues may adjust their budgets prior to May 15 based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which overestimated revenues as provided in section 15–947, subsection C, paragraph 2, subdivision (a), items (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit and expenditures based on actual revenues during the current fiscal year. School districts which underestimated such revenues may adjust their budgets before May 15 based on actual revenues during the current fiscal year. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction.
- J. A common school district not within a high school district whose estimated tuition charge for high school pupils exceeds the actual tuition charge for high school pupils shall adjust the general budget limit and expenditures based on the actual tuition charge. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. A common school district not within a high school district whose estimated tuition charge for high school pupils is less than the actual tuition charge for high school pupils may adjust its budget before May 15 based on the actual tuition charge. Procedures for completing

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adjustments shall be as prescribed in the uniform system of financial records. If the adjusted general budget limit requires an adjustment of state aid and if the adjustment to state aid is not made in the current year, the superintendent of public instruction shall adjust by August 15 of the succeeding fiscal year the apportionment of state aid to the school district to correct any overpayment or underpayment of state aid received during the current year.

K. The governing board may include P.L. 81-874 assistance allocated for children with disabilities, children with specific learning disabilities and children residing on Indian lands which is in addition to basic assistance when determining the general budget limit as prescribed in section The governing board may adjust before May 15 the 15-947, subsection C. budget for the current year based on any adjustments which result in increases over the amount estimated by the superintendent of public instruction for P.L. 81-874 assistance for such pupils for the fiscal year preceding the current year. The governing board shall adjust before May 15 the budget for the current year based on any adjustments which result in decreases in the amount estimated by the superintendent of public instruction for P.L. 81–874 assistance for such pupils for the fiscal year preceding the current year. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. Procedures for complying with the provisions of this subsection shall be as prescribed in the uniform system of financial records.

The state board of education shall hold a hearing if expenditures by any school district exceed the general budget limit prescribed in section 15-947, subsection C, the unrestricted capital budget limit, the soft capital allocation limit prescribed in section 15-947, subsection E, THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PRESCRIBED IN SECTION 15-966, the school plant fund limits prescribed in section 15-1102, subsection B, the maintenance and operation section of the budget or the capital outlay section of the budget. If the expenditures of any school district exceed these limits or sections of the budget without authorization as provided in section 15-907, the state board of education shall reduce the state aid for equalization assistance for education for the school district computed as provided in section 15-971 during the fiscal year subsequent to the fiscal year in which the excess expenditures were made by an amount equal to the excess expenditures, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year.

M. The governing board of a school district shall reduce the general budget limit, the unrestricted capital budget limit, or the soft capital allocation limit OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION, for the year subsequent to the year in which the expenditures were in excess of the applicable limit or section of the budget by the amount determined in subsection L of this section, except that in case of hardship to the school

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district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year. The reduction in the limit is applicable to each school district which has exceeded the general budget limit, the unrestricted capital budget limit, the soft capital allocation limit, THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION or a section of the budget even if the reduction exceeds the state aid for equalization assistance for education for the school district.

- Except as provided in section 15-916, no expenditure shall be made by any school district for a purpose not included in the budget or in excess of the aggregate budget limit prescribed in this section, except that if no budget has been adopted, from July 1 to July 15 the governing board may make expenditures if the total of the expenditures does not exceed ten per cent of the prior year's aggregate budget limit. Any expenditures made from July 1 to July 15 and prior to the adoption of the budget shall be included in the total expenditures for the current year. No expenditure shall be made and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for the item irrespective of whether the school district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under the budget except expenditures from cash controlled funds as defined by the uniform system of financial records and except as provided in section 15–907 and subsection G of this section. This subsection does not prohibit any school district from prepaying insurance premiums or magazine subscriptions, or from prepaying any item which is normally prepaid in order to procure the service or to receive a discounted price for the service, as prescribed by the uniform system of financial records.
- 0. The governing board of a school district which is classified as a heavily impacted school district having twenty per cent or more pupils pursuant to 20 United States Code section 238(d)1(A) may determine its eligibility to increase the amount that may be included in determining the general budget limit as provided in subsection K of this section and may increase the amount as follows:
 - 1. For fiscal year 1988-1989:
- (a) Multiply one thousand ninety-four dollars by the number of children with disabilities or children with specific learning disabilities, excluding children who also reside on Indian lands, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.
- (b) Multiply five hundred forty-seven dollars by the number of children residing on Indian lands, excluding children who have disabilities or also have specific learning disabilities, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

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- (c) Multiply one thousand nine hundred fourteen dollars by the number of children residing on Indian lands who have disabilities or also have specific learning disabilities reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.
 - (d) Add the amounts determined in subdivisions (a) through (c).
- (e) If the amount of P.L. 81-874 assistance as provided in subsection K of this section is less than the sum determined in subdivision (d) of this paragraph, the district is eligible to use the provisions of this subsection.
- 2. For budget years after 1988-1989, use the provisions of paragraph 1 of this subsection, but increase each dollar amount by the growth rate for that year as prescribed by law, subject to appropriation and use the number of children reported in the appropriate category for the current fiscal year.
- 3. If the district is eligible to use the provisions of this subsection, subtract the amount of P.L. 81-874 assistance determined in subsection K of this section from the sum determined in paragraph 1, subdivision (d) of this subsection. The difference is the increase in the amount that may be included in determining the general budget limit as provided in subsection K of this section, if including this amount does not increase the district's primary tax rate for the budget year. If the amount of P.L. 81-874 assistance determined in subsection K of this section is adjusted for the current year, the increase determined in this paragraph shall be recomputed using the adjusted amount and the recomputed increase shall be reported to the department of education by May 15 on a form prescribed by the department of education.
- 4. If a district uses $\frac{\text{the provisions of}}{\text{this subsection}}$, the district is not required to adjust its budget for the current year based on adjustments in the estimated amount of P.L. 81-874 assistance as provided in subsection K of this section.
- P. A school district, except for an accommodation school, which applies for P.L. 81-874 assistance during the current year may budget an amount for P.L. 81-874 administrative costs for the budget year. The amount budgeted for P.L. 81-874 administrative costs is exempt from the revenue control limit and may not exceed an amount determined for the budgeted year as follows:
- 1. Determine the minimum cost. The minimum cost for fiscal year 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior year increased by the growth rate as prescribed by law, subject to appropriation.
- 2. Determine the hourly rate. The hourly rate for fiscal year 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and thereafter, the hourly rate is the hourly rate for the prior year increased by the growth rate as prescribed by law, subject to appropriation.

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- 3. Determine the P.L. 81-874 revenues available by subtracting the amount of P.L. 81-874 assistance used to increase the general budget limit as provided in subsections K and O of this section for the current fiscal year from the total amount of P.L. 81-874 revenues received in the current fiscal year.
 - 4. Determine the total number of administrative hours as follows:
 - (a) Determine the sum of the following:
- (i) 1.00 hours for each high impact pupil who is not disabled or does not have specific learning disabilities.
- (ii) 1.25 hours for each high impact pupil who is disabled or has specific learning disabilities.
- (iii) 0.25 hours for each low impact pupil who is not disabled or does not have specific learning disabilities.
- (iv) 0.31 hours for each low impact pupil who is disabled or has specific learning disabilities.
 - (b) For the purposes of this paragraph:
- (i) "High impact pupil" means a pupil who resides on Indian lands or a pupil who resides on federal property or in low rent housing and whose parent is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as reported in the application for P.L. 81-874 assistance in the current year.
- (ii) "Low impact pupil" means a pupil who resides on nonfederal property and has a parent who is employed on federal property or low rent housing property or is on active duty in a uniformed service or a pupil who resides on federal property or in low rent housing and who does not have a parent who is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in P.L. 81-874, section 3(b) and as reported in the application for P.L. 81-874 assistance in the current year.
- 5. Multiply the total number of administrative hours determined in paragraph 4 of this subsection by the hourly rate determined in paragraph 2 of this subsection.
- 6. Determine the greater of the minimum cost determined in paragraph 1 of this subsection or the product determined in paragraph 5 of this subsection.
- 7. Add to the amount determined in paragraph 6 of this subsection the amount, if any, to be expended by the school district in the budget year through an intergovernmental agreement with other school districts or the department of education to provide P.L. 81-874 technical assistance to participating districts.
- 8. Determine the lesser of the amount determined in paragraph 7 of this subsection or the revenues available as determined in paragraph 3 of this subsection.

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- 9. The amount determined in paragraph 8 of this subsection is the maximum amount which may be budgeted for P.L. 81-874 administrative costs for the budget year as provided in this subsection.
- 10. If the governing board underestimated the amount that may be budgeted for P.L. 81-874 administrative costs for the current year, the board may adjust the general budget limit and the budget before May 15. If the governing board overestimated the amount that may be budgeted for P.L. 81-874 administrative costs for the current year, the board shall adjust the general budget limit and the budget before May 15.
- Q. If a school district governing board has adopted a budget for a fiscal year based on forms and instructions provided by the auditor general and the department of education for that fiscal year and if, as a result of the enactment or nonenactment of proposed legislation after May 1 of the previous fiscal year, the budget is based on incorrect limits, does not include items authorized by law or does not otherwise conform with law, the governing board may revise its budget at a public hearing on or before September 15 to conform with the law. Not later than September 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. If the governing board does not revise the budget on or before September 15 and if the budget includes any items not authorized by law or if the budget exceeds any limits, the governing board shall adjust or revise the budget as provided in subsection E of this section.
- R. For the purposes of this section, "P.L. 81-874 assistance" means, for the current year, an amount equal to the final determination of P.L. 81-874 assistance for the fiscal year preceding the current year as confirmed by the division of impact aid, United States department of education or, if a final determination has not been made, the amount estimated by the superintendent of public instruction as confirmed by the division of impact aid, United States department of education and, for the budget year, an amount equal to the determination of P.L. 81-874 assistance for the fiscal year preceding the budget year as estimated by the superintendent of public instruction.
 - Sec. 12. Section 15-906, Arizona Revised Statutes, is amended to read: 15-906. Procedure for payment of levy fund liabilities payable on June 30; lapsing of levy funds with balance for reduction of taxes
- A. Annually on or before June 30, each school district shall prepare for all levy funds a list of liabilities for goods received or services rendered on or before June 30 which will not be paid by June 30 of the current fiscal year.
- B. Each school district having levy fund liabilities payable on June 30 shall file an advice of encumbrance with the county school superintendent on or before July 18, in the manner and upon a form to be prescribed in the uniform system of financial records. The county school superintendent shall encumber amounts that are included in year to date expenditures not to exceed

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the budget and that are available to pay the liabilities pursuant to section 15-304. Any cash balances remaining in the maintenance and operation, the unrestricted capital outlay, the soft capital allocation, THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and the adjacent ways funds after encumbrances on June 30 of the current year except reverted monies as provided in section 15-991.02 that will be budgeted in the unrestricted capital outlay fund in the following fiscal year pursuant to section 15-947, subsection D, paragraphs 4 and 5 PARAGRAPH 3 and that will be budgeted in the soft capital allocation fund in the following fiscal year pursuant to section 15-947, subsection E, paragraphs 2 and 3 shall be used for reduction of school district taxes for the budget year.

- C. The county school superintendent may draw warrants against the obligated in contract amounts pursuant to subsection B of this section for a period of sixty days immediately following the close of the fiscal year.
- D. After expiration of the period of sixty days immediately following the close of each fiscal year, the remaining obligated in contract balance shall lapse and no further payments from the maintenance and operation, unrestricted capital outlay, soft capital allocation, ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and adjacent ways funds shall be made on any claim for expenditures of the prior fiscal year.
- E. School districts that are subject to section 15-914.01 shall adhere to the duties described in section 15-304 for the purposes of this section.
 - Sec. 13. Section 15-943, Arizona Revised Statutes, is amended to read: 15-943. <u>Base support level</u>

The base support level for each school district shall be computed as follows:

- 1. The following support level weights shall be used in paragraph 2, subdivision (a) for the following school districts:
- (a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
Student Count	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500)]$	$1.278 + [0.0003 \times (500)]$
	<pre>- student count)]</pre>	student count)]
500-599	$1.158 + [0.002 \times (600)]$	$1.158 + [0.0012 \times (600)]$
	<pre>- student count)]</pre>	student count)]

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level

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1
     weight prescribed in column 2 or 3 of this subdivision, whichever is
 2
     appropriate:
 3
            Column 1
                                    Column 2
                                                                       Column 3
 4
                                Support Level Weight
                                                                  Support Level Weight
                                                                       For Small
 5
                                 For Small Isolated
 6
        Student Count
                                  <u>School Districts</u>
                                                                    School Districts
 7
              1-99
                                1.669
                                                                  1.559
 8
            100-499
                                1.468 + [0.0005 \times (500)]
                                                                  1.398 + [0.0004 \times (500)]
 9
                                - student count)]
                                                                  - student count)]
                                1.268 + \Gamma 0.002 \times (600)
10
            500-599
                                                                  1.268 + [0.0013 \times (600)]
11
                                - student count)]
                                                                 - student count)]
12
            2. Subject to paragraph 1, determine the weighted student count as
13
     follows:
14
            (a)
15
                                      Support
                                                                        Weighted
16
                                      Level
                                                    Student
                                                                        Student
17
     <u>Grade</u> <u>Base</u>
                         Group A
                                      <u>Weight</u>
                                                     Count
                                                                         Count
18
     PSD
            1.000
                         0.450
                                      1.450
                                               Χ
19
     K-8
            1.000
                     +
                         0.158
                                      1.158
20
     9-12 1.163
                         0.105
                     +
                                      1.268
                                               Χ
21
                                                  Subtota1
22
            (b)
23
                                      Support
                                                                        Weighted
24
     Funding
                                      Level
                                                   Student
                                                                        Student
25
     Category
                                      Weight
                                                    Count
                                                                         <u>Count</u>
26
                                      4.771
     НΙ
                                               Χ
27
     K-3
                                      0.060
                                               Χ
28
     ELL
                                      0.115
29
     MD-R, A-R and
30
     SMR-R
                                      6.024
                                               Χ
31
     MD-SC, A-SC and
32
     SMR-SC
                                      5.833
                                               Х
33
     MD-SSI
                                      6.531
                                               Χ
34
     0 I - R
                                      3.158
                                               Χ
35
     OI-SC
                                      5.576
                                               Χ
36
     P-SD
                                      3.595
                                               Χ
37
     ED, MIMR, SLD,
38
     SLI and OHI
                                      0.003
                                               Χ
39
     FD-P
                                      4.647
                                               Χ
40
     MOMR
                                      4.421
                                               Χ
41
     VΙ
                                      4.806
                                               Х
42
                                               Subtotal
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- (c) Total of subtotals A and B:
- 3. Multiply the total determined in paragraph 2 by the base level.
- 4. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in paragraph 3.

Sec. 14. Section 15-962.01, Arizona Revised Statutes, is amended to read:

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15-962.01. Capital outlay revenue limit, soft capital allocation and English language acquisition program allocation for joint technological education districts; district soft capital allocation fund; English language acquisition program allocation fund
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- A. The capital outlay revenue limit for a joint technological education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-961.
- B. The soft capital allocation for a joint technological education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-962.
- C. Joint technological education districts shall establish a district soft capital allocation fund and shall use the monies only for the purposes prescribed in section 15-962, subsection D. The ending unexpended budget balance in the district's soft capital allocation fund may be used in following fiscal years for short-term capital items. Districts shall provide to the superintendent of public instruction an itemized accounting on forms provided by the department of education that details the expenditures of soft capital allocation monies at each school in the joint technological education district. The superintendent of public instruction shall forward a copy of the report to the school facilities board established by section 15-2001.
- D. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FOR A JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL BE THE AMOUNT FOR STUDENTS IN GRADES NINE THROUGH TWELVE FOR DISTRICTS WITH A STUDENT COUNT OF SIX HUNDRED OR MORE AS PRESCRIBED IN SECTION 15-966.
- E. JOINT TECHNOLOGICAL EDUCATION DISTRICTS SHALL ESTABLISH A DISTRICT ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FUND AND SHALL USE THE MONIES ONLY FOR THE PURPOSES PRESCRIBED IN SECTION 15-966.
- Sec. 15. Title 15, chapter 9, article 4, Arizona Revised Statutes, is amended by adding section 15-966, to read:

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15-966. English language education funding for children in public schools; definitions
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A. BEGINNING IN FISCAL YEAR 2006-2007, AN ENGLISH LANGUAGE ACQUISITION PROGRAM IS ESTABLISHED FOR THE PURPOSE OF PROVIDING ENGLISH INSTRUCTION AS REQUIRED BY CHAPTER 7, ARTICLE 3.1 OF THIS TITLE.

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- B. ENGLISH LANGUAGE ACQUISITION PROGRAM FUNDING SHALL BE USED TO PROVIDE INSTRUCTION AND SERVICES, INCLUDING STAFFING, FOR ENGLISH LANGUAGE LEARNER PUPILS AND SHALL BE PRIORITIZED FOR THE FOLLOWING PURPOSES:
- 1. DELIVERY OF BEST PRACTICES, RESEARCH BASED INSTRUCTION, TEACHING STANDARDS, STRATEGIES AND MODELS ADOPTED BY THE STATE BOARD OF EDUCATION FOR PROFICIENCY IN BOTH THE ENGLISH LANGUAGE AND THE ACADEMIC STANDARDS ADOPTED BY THE STATE BOARD OF EDUCATION.
- 2. PROFESSIONAL DEVELOPMENT BY PROVIDERS APPROVED PURSUANT TO SECTION 15-756, SUBSECTION A, PARAGRAPH 9 TO ASSIST IN THE DELIVERY OF BEST PRACTICES AND RESEARCH BASED TEACHING STANDARDS AND STRATEGIES.
- 3. PROFESSIONAL DEVELOPMENT AND TRAINING NEEDED TO RECEIVE APPROPRIATE CERTIFICATION OR CERTIFICATION ENDORSEMENTS.
- 4. STRATEGIES TO REDUCE CLASS SIZE OR DECREASE PUPIL TO TEACHER RATIOS.
 - 5. PLANS FOR EXTENDED LEARNING OPPORTUNITIES FOR PUPILS.
- 6. TRANSPORTATION PLANS TO ASSIST PUPILS TO ATTEND EXTENDED LEARNING AND COMPENSATORY INSTRUCTION.
- 7. COMPENSATION STRATEGIES FOR TEACHERS OF ENGLISH LANGUAGE LEARNER PUPILS.
 - 8. PARENT AND COMMUNITY OUTREACH PROGRAMS.
 - 9. BEST PRACTICES AND STRATEGIES FOR COMPENSATORY INSTRUCTION.
- 10. INSTRUCTIONAL MATERIALS AND SUPPLIES NECESSARY FOR ENGLISH LANGUAGE LEARNER PUPILS.
- C. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FOR A SCHOOL DISTRICT OR CHARTER SCHOOL IS COMPUTED BY MULTIPLYING THE NUMBER OF ENGLISH LANGUAGE LEARNER PUPILS BY FIVE HUNDRED FIFTY DOLLARS.
- D. THE STATE BOARD OF EDUCATION SHALL NOT INCLUDE IN THE AGGREGATE EXPENDITURE OF LOCAL REVENUES AS DETERMINED IN SECTION 15-911 THE AMOUNT OF REVENUES COLLECTED FROM THE ENGLISH LANGUAGE ACQUISITION PROGRAM PURSUANT TO THIS SECTION.
- E. EACH SCHOOL DISTRICT OR CHARTER SCHOOL SHALL ESTABLISH A DISTRICT OR CHARTER SCHOOL ENGLISH LANGUAGE ACQUISITION PROGRAM FUND AND SHALL USE THE MONIES ONLY FOR THE PURPOSES PRESCRIBED IN SUBSECTION B OF THIS SECTION. THE ENGLISH LANGUAGE ACQUISITION PROGRAM FUND BUDGET LIMIT FOR EACH SCHOOL DISTRICT OR CHARTER SCHOOL IS THE SUM OF:
- 1. THE ALLOCATION THAT IS COMPUTED FOR THE DISTRICT OR CHARTER SCHOOL PURSUANT TO SUBSECTION C OF THIS SECTION.
- 2. THE UNEXPENDED BUDGET BALANCE FROM THE ENGLISH LANGUAGE ACQUISITION PROGRAM FUND FROM THE PRECEDING FISCAL YEAR.
- 3. THE NET INTEREST EARNED ON MONIES IN THE FUND DURING THE PRECEDING FISCAL YEAR.
- F. THE DEPARTMENT OF EDUCATION SHALL SELECT A RANDOM SAMPLE OF THREE HUNDRED ENGLISH LANGUAGE LEARNERS EACH MONTH TO DETERMINE:
- 1. HOW MANY OF THE SAMPLE CAN READ THE RANDOMLY ORDERED ALPHABET IN THIRTY SECONDS OR LESS.

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- 2. HOW MANY OF THE SAMPLE CAN READ A RANDOMLY SORTED LIST OF THIRTY SINGLE-SYLLABLE WORDS IN ONE MINUTE OR LESS.
 - G. FOR THE PURPOSES OF THIS SECTION:
- 1. "COMPENSATORY INSTRUCTION" MEANS ACADEMIC INTERVENTION AND LANGUAGE ACQUISITION SERVICES PROVIDED TO STUDENTS, SUBJECT TO PARENTAL CONSENT, THAT ARE INTENDED TO CURE SKILL OR KNOWLEDGE DEFICITS IDENTIFIED PURSUANT TO SECTION 15-756, SUBSECTION A, PARAGRAPH 4, INCLUDING:
 - (a) PROGRAMS THAT ARE IN ADDITION TO NORMAL CLASSROOM INSTRUCTION.
- (b) SMALL GROUP INSTRUCTION, EXTENDED DAY PROGRAMS OR SUMMER SCHOOL AND INTERSESSION CLASSES.
- 2. "ENGLISH LANGUAGE LEARNER PUPILS" MEANS ELL AS DEFINED IN SECTION 15-901.
 - Sec. 16. Section 15-971, Arizona Revised Statutes, is amended to read: 15-971. Determination of equalization assistance payments from county and state funds for school districts
- A. Equalization assistance for education is computed by determining the total of the following:
- 1. The lesser of a school district's revenue control limit or district support level as determined in section 15-947 or 15-951.
- 2. The capital outlay revenue limit of a school district as determined in section 15-951 or 15-961.
- 3. The soft capital allocation of a school district as determined in section 15-951 or 15-962.
- 4. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION OF A SCHOOL DISTRICT AS DETERMINED IN SECTION 15-966.
- B. From the total of the amounts determined in subsection A of this section subtract:
- 1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a high school district or a common school district within a high school district which does not offer instruction in high school subjects as provided in section 15-447.
- 2. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a unified school district, a common school district not within a high school district or a common school district within a high school district which offers instruction in high school subjects as provided in section 15-447. The qualifying tax rate shall be applied in the following manner:
- (a) For the purposes of the amount determined in subsection A, paragraph 1 of this section:
- (i) Determine separately the percentage that the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and the weighted student count in grades nine through twelve is to the weighted student count determined in subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

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- (ii) Apply the percentages determined in item (i) of this subdivision to the amount determined in subsection A, paragraph 1 of this section.
- (b) For the purposes of the amounts determined in subsection A, paragraphs 2 and 3 of this section determine separately the amount of the capital outlay revenue limit and the amount of the soft capital allocation attributable to the student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and grades nine through twelve.
- (c) From the amounts determined in subdivisions (a) and (b) of this paragraph subtract the levy which would be produced by the current qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447. If the qualifying tax rate generates a levy which is in excess of the total determined in subsection A of this section, the school district shall not be eligible for equalization assistance. In FOR THE PURPOSES OF this subsection, "assessed valuation" includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.
- 3. The amount that would be produced by levying a qualifying tax rate in a joint vocational and technological education district, which shall be five cents per one hundred dollars assessed valuation unless the legislature sets a lower rate by law.
- 4. The amount of government property lease excise tax monies that were distributed to the district pursuant to section 42-6205 during the preceding fiscal year.
- C. County aid for equalization assistance for education shall be computed as follows:
- 1. Determine the total equalization assistance for all school districts in the county as provided in subsections A and B of this section.
- 2. Determine the total amount of county aid collected for all school districts in the county as provided in section 15-994.
- 3. Divide the amount determined in paragraph 2 of this subsection by the amount determined in paragraph 1 of this subsection.
- 4. Multiply the amount determined in subsections A and B of this section by the quotient determined in paragraph 3 of this subsection for each school district.
- 5. The amount determined in paragraph 4 of this subsection shall be the county aid for equalization assistance for education for a school district.
- D. State aid for equalization assistance for education for a school district shall be computed as follows:
- 1. Determine the equalization assistance for education for a school district as provided in subsections A and B of this section.

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- 2. For each county, determine the levy that would be produced by the tax rate for equalization assistance for education prescribed in section 15-994, subsection A.
- 3. For each county, determine the total amount to be paid from monies collected from the tax levy for equalization assistance for education into the small district service program fund as prescribed by section 15-365 and into the detention center education fund as prescribed by section 15-913.
- 4. Subtract the amount determined in paragraph 3 of this subsection from the amount determined in paragraph 2 of this subsection.
- 5. Prorate the amount determined in paragraph 4 of this subsection to each school district in the county as prescribed by subsection C of this section.
- 6. Subtract the amount determined in paragraph 5 of this subsection from the amount determined in paragraph 1 of this subsection.
- E. Equalization assistance for education shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.
- F. A school district shall report expenditures on approved career and technical education and vocational education programs in the annual financial report according to uniform guidelines prescribed by the uniform system of financial records and in order to facilitate compliance with sections 15-255 and 15-904.
- G. The additional weight for state aid purposes given to special education as provided in section 15-943 shall be given to school districts only if special education programs comply with the provisions of chapter 7, article 4 of this title and the conditions and standards prescribed by the superintendent of public instruction pursuant to rules of the state board of education for pupil identification and placement pursuant to sections 15-766 and 15-767.
- H. In addition to general fund appropriations, all amounts received pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029, subsection E, paragraph 5 and from any other source for the purposes of this section are appropriated for state aid to schools as provided in this section.
- I. The total amount of state monies that may be spent in any fiscal year for state equalization assistance shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.

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Sec. 17. Section 15-974, Arizona Revised Statutes, is amended to read: 15-974. Equalization assistance for education for accommodation schools: definition

- A. Equalization assistance for education for accommodation schools shall be computed as follows:
- 1. Determine the total of the lesser of an accommodation school's revenue control limit or district support level as determined in section 15-947, an accommodation school's capital outlay revenue limit as determined in section 15-961, and an accommodation school's soft capital allocation as determined in section 15-962 AND AN ACCOMMODATION SCHOOL'S ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS DETERMINED IN SECTION 15-966.
- 2. From the amount determined in paragraph 1 of this subsection subtract the monies received from P.L. 81-874 for the prior fiscal year if the amount to be received in the current fiscal year is equal to or greater than the amount received in the prior fiscal year. If the amount to be received during the current fiscal year is less than the amount received in the prior fiscal year, the subtraction shall be determined as follows:
- (a) Subtract the amount to be received in the current fiscal year, adjusting the final payment to reflect actual receipts during the fiscal year.
- (b) If additional P.L. 81-874 monies are received after the computation of the last payment of state aid but before the end of the fiscal year, the amount received late shall be subtracted from the equalization assistance for the following fiscal year, except that the total amount reduced pursuant to subdivision (a) of this paragraph and this subdivision shall not exceed the amount of P.L. 81-874 monies received in the prior year.
- 3. Equalization assistance for an accommodation school shall be the amount determined in paragraph 2 $\frac{1}{2}$ of this subsection.
- B. Equalization assistance for education for accommodation schools shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.
- C. When an accommodation school has a positive total cash balance at the end of a fiscal year in its maintenance and operation fund, the county school superintendent of the county in which the accommodation school is located may authorize an addition to the accommodation school's revenue control limit as provided in section 15-947, subsection A for the following fiscal year. The county school superintendent may not authorize an addition that exceeds the lesser of the ending cash balance less the amount budgeted for the budget balance carryforward as provided in section 15-943.01 or ten per cent of the revenue control limit of the accommodation school. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward, the addition authorized pursuant to this subsection and the items listed in section 15-947, subsection C, paragraph 2, subdivisions (c) and (f) for the following fiscal year, the remaining cash balance shall be used to reduce the amount of state aid for

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equalization assistance for education for the accommodation school as provided in section 15-971, subsection D for the following year.

- D. The provisions of Subsection C of this section shall DOES not apply to an accommodation school with a student count of one hundred twenty-five or less in kindergarten programs and grades one through eight or to an accommodation school which offers instruction in grades nine, ten, eleven or twelve and which has a student count of one hundred or less in grades nine through twelve.
- E. For the purpose PURPOSES of this section, "monies received from P.L. 81-874" means total P.L. 81-874 monies less P.L. 81-874 monies for children with disabilities, children with specific learning disabilities and children residing on Indian lands which are in addition to the basic assistance as provided in 20 United States Code section 238, subsection (d), paragraph 2, clauses (C) and (D).

Sec. 18. Section 15-996, Arizona Revised Statutes, is amended to read: 15-996. Duties of county treasurer relating to school district's monies

The county treasurer shall:

- 1. Receive and hold all school district monies and keep a separate account for each school district and for the special county school reserve fund. The county treasurer may maintain separate accounts for each fund of a school district or the county treasurer may maintain only two accounts for each school district's monies in addition to the funds provided for in sections 15-1024, 15-1025, 15-2021, 15-2031 and 15-2041. If only two accounts are maintained, the first account shall consist of maintenance and operation, unrestricted capital outlay, soft capital allocation, ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and adjacent ways monies and the classroom site fund prescribed in section 15-977 and the second account shall consist of federal and state grant monies and all other monies.
- 2. Pool school district monies for investment except as provided in sections 15-1024 and 15-1025. Interest earned on the monies pooled for investment shall be apportioned at least quarterly to the appropriate school district based on an average monthly balance as prescribed in the uniform system of accounting for county treasurers as provided in section 41-1279.21.
 - 3. Notwithstanding section 11-605, register warrants only as follows:
- (a) If separate accounts are maintained for each fund, warrants may only be registered on the maintenance and operation, unrestricted capital outlay, soft capital allocation, ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and adjacent ways accounts and the classroom site fund prescribed in section 15-977 and only if the total cash balance of all three accounts is insufficient to pay the warrants.
- (b) If the county treasurer maintains only two accounts as provided in paragraph 1 of this section:

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- (i) The county treasurer may register warrants only on the first account and only if the balance of that account is insufficient to pay the warrants.
- (ii) The county treasurer may honor warrants for any federal or state grant fund with a negative balance as long as the total balance in the second account is positive. If the second account total balance is negative the warrant for a federal or state grant fund shall be charged to the maintenance and operation fund. Any interest charged to the federal or state grant fund as a result of a negative balance that is in excess of interest earned on the fund shall be transferred to the maintenance and operation fund at the end of the fiscal year or the end of the grant year. If a federal or state grant fund has a negative balance at the end of the fiscal year or grant year, sufficient expenditures shall be transferred to the maintenance and operation fund to eliminate the negative balance.
- 4. Notify the county school superintendent by the fifteenth day of each calendar month of the month end balances of each school district account.
- 5. Pay warrants issued by the county school superintendent and duly endorsed by the person entitled to receive the monies.
- 6. On each property tax bill and each property tax statement prepared, separately state and identify by name each school district's primary property tax rate, the secondary property tax rate that is associated with overrides, the secondary property tax rate that is associated with class A bonds and the secondary property tax rate that is associated with class B bonds. For THE purposes of this paragraph, "class A bonds" and "class B bonds" have the same meanings prescribed in section 15-101.
- Sec. 19. Section 41-1279.03, Arizona Revised Statutes, is amended to read:

41-1279.03. Powers and duties

- A. The auditor general shall:
- 1. Prepare an audit plan for approval by the committee and report to the committee the results of each audit and investigation and other reviews conducted by the auditor general.
- 2. Conduct or cause to be conducted at least biennial financial and compliance audits of financial transactions and accounts kept by or for all state agencies subject to the single audit act of 1984 (P.L. 98-502). The audits shall be conducted in accordance with generally accepted governmental auditing standards and accordingly shall include tests of the accounting records and other auditing procedures as may be considered necessary in the circumstances. The audits shall include the issuance of suitable reports as required by the single audit act of 1984 (P.L. 98-502) so the legislature, federal government and others will be informed as to the adequacy of financial statements of the state in compliance with generally accepted governmental accounting principles and to determine whether the state has

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complied with laws and regulations that may have a material effect on the financial statements and on major federal assistance programs.

- 3. Perform procedural reviews for all state agencies at times determined by the auditor general. These reviews may include evaluation of administrative and accounting internal controls and reports on such reviews.
- 4. Perform special research requests, special audits and related assignments as designated by the committee and conduct performance audits, special audits, special research requests and investigations of any state agency, whether created by the constitution or otherwise, as may be requested by the committee.
- 5. Annually on or before the fourth Monday of December prepare a written report to the governor and to the committee which contains a summary of activities for the previous fiscal year.
- 6. In the tenth year and in each fifth year thereafter in which a transportation excise tax is in effect in a county as provided in section 42-6104, 42-6106 or 42-6107 conduct a performance audit that:
- (a) Reviews past expenditures and future planned expenditures of the transportation excise revenues and determines the impact of the expenditures in solving transportation problems within the county and, for a transportation excise tax in effect in a county as provided in section 42-6107, determines whether the expenditures of the transportation excise revenues comply with section 28-6392, subsection B.
- (b) Reviews projects completed to date and projects to be completed during the remaining years in which a transportation excise tax is in effect. Within six months after each review period the auditor general shall present a report to the speaker of the house of representatives and the president of the senate detailing findings and making recommendations. If the parameters of the performance audit are set by the citizens transportation oversight committee, the auditor general shall also present the report to the citizens transportation oversight committee.
- (c) Reviews, determines, reports and makes recommendations to the speaker of the house of representatives and the president of the senate whether the distribution of highway user revenues complies with title 28, chapter 18, article 2. If the parameters of the performance audit are set by the citizens transportation oversight committee, the auditor general shall also present the report to the citizens transportation oversight committee.
- 7. If requested by the committee, conduct performance audits of counties and incorporated cities and towns receiving highway user revenue fund monies pursuant to title 28, chapter 18, article 2 to determine if the monies are being spent as provided in section 28-6533, subsection B.
- 8. Perform special audits designated pursuant to law if the auditor general determines that there are adequate monies appropriated for the auditor general to complete the audit. If the auditor general determines the appropriated monies are inadequate, the auditor general shall notify the committee.

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- 9. Beginning on July 1, 2001, Establish a school-wide audit team in the office of the auditor general to conduct performance audits and monitor school districts to determine the percentage of every dollar spent in the classroom by a school district AND TO DETERMINE WHETHER SCHOOL DISTRICTS AND CHARTER SCHOOLS ARE IN COMPLIANCE WITH SECTION 15–966. The auditor general shall determine, through random selection, the school districts to be audited each year, subject to review by the joint legislative audit committee. A school district that is subject to an audit pursuant to this paragraph shall notify the auditor general in writing as to whether the school district agrees or disagrees with the findings and recommendations of the audit and whether the school district will implement the findings and recommendations, implement modifications to the findings and recommendations or refuse to implement the findings and recommendations. The school district shall submit to the auditor general a written status report on the implementation of the audit findings and recommendations every six months for two years after an audit conducted pursuant to this paragraph. The auditor general shall review the school district's progress toward implementing the findings and recommendations of the audit every six months after receipt of the district's status report for two years. The auditor general may review a school district's progress beyond this two-year period for recommendations that have not yet been implemented by the school district. The auditor general shall provide a status report of these reviews to the joint legislative audit committee. The school district shall participate in any hearing scheduled during this review period by the joint legislative audit committee or by any other legislative committee designated by the joint legislative audit committee.
- 10. PRESCRIBE A BUDGET FORMAT FOR USE BY SCHOOL DISTRICTS AND CHARTER SCHOOLS IN THE REPORTING REQUIREMENTS PRESCRIBED IN SECTION 15-756.02, SUBSECTION B, PARAGRAPHS 8 AND 9.
 - B. The auditor general may:
- 1. Subject to approval by the committee, adopt rules necessary to administer the duties of the office.
- 2. Hire consultants to conduct the studies required by subsection A, paragraphs 6 and 7 of this section.
- C. If approved by the committee the auditor general may charge a reasonable fee for the cost of performing audits or providing accounting services for auditing federal funds, special audits or special services requested by political subdivisions of the state. Monies collected pursuant to this subsection shall be deposited in the audit services revolving fund.
- D. The department of transportation, the board of supervisors of a county that has approved a county transportation excise tax as provided in section 42-6104, 42-6106 or 42-6107 and the governing bodies of counties, cities and towns receiving highway user revenue fund monies shall cooperate with and provide necessary information to the auditor general or the auditor general's consultant.

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- E. The department of transportation shall reimburse the auditor general as follows, and the auditor general shall deposit the reimbursed monies in the audit services revolving fund:
- 1. For the cost of conducting the studies or hiring a consultant to conduct the studies required by subsection A, paragraph 6, subdivisions (a) and (b) of this section, from monies collected pursuant to a county transportation excise tax levied pursuant to section 42-6104, 42-6106 or 42-6107.
- 2. For the cost of conducting the studies or hiring a consultant pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of this section, from the Arizona highway user revenue fund.
- Sec. 20. Title 43, chapter 10, article 3, Arizona Revised Statutes, is amended by adding section 43-1032, to read:

43-1032. <u>Parental educational choice grants not taxable income</u>
PARENTAL EDUCATIONAL CHOICE GRANTS AWARDED PURSUANT TO TITLE 15,
CHAPTER 8, ARTICLE 1.2 SHALL NOT BE CONSIDERED TAXABLE INCOME OF THE
CUSTODIAN OF THE CHILD OR THE CHILD WHO RECEIVES THE PARENTAL EDUCATIONAL
CHOICE GRANT.

Sec. 21. Appropriation; state board of education; purpose; exemption

- A. The sum of \$1,000,000 is appropriated from the state general fund in fiscal year 2006-2007 to the state board of education to employ additional research staff, to employ contracted third parties to develop best practices models and strategies as provided by section 15-756, Arizona Revised Statutes, as added by this act, or for other duties as prescribed by this act.
- B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 22. <u>Appropriation: department of education: monitoring:</u> exemption

- A. The sum of \$_____ is appropriated from the state general fund in fiscal year 2006-2007 to the department of education for the purposes prescribed in section 15-756.02, Arizona Revised Statutes, as added by this act.
- B. The appropriation made in subsection A of this section is exempt from the provisions of section 35–190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 23. Appropriation; auditor general; purpose; exemption

- A. The sum of \$_____ is appropriated from the state general fund in fiscal year 2006-2007 to the auditor general for the purposes prescribed in section 42-1279.03, Arizona Revised Statutes, as amended by this act.
- B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

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Sec. 24. Appropriation: purpose
The sum of \$_____ is appropriated from the state general fund to
the department of education in fiscal year 2006-2007 for distribution to
schools and charter schools as prescribed in section 15-966, Arizona Revised
Statutes, as added by this act.
Sec. 25. State board of education deadline for adopting best
practices models and strategies
The state board of education shall adopt best practices models and
strategies pursuant to section 15-756, Arizona Revised Statutes, as added by
this act, on or before August 15, 2006.

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